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Volume LXXXVI

Number One

REVIEW OF REVIEWS

Edited by ALBERT SHAW

JULY
1932

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To the man who is worried about this Depression



THIS isn't the time to waste words or to ignore facts. This depression has already put many men out of work, and threatens the earning power of others who still draw pay. It's useless to shut our eyes to it, so why try?

On the contrary, let's face the facts, calmly and without fear. Let's analyze the situation, as man to man, and find out what you can do to escape the depression, and perhaps even *take advantage of it*.

In the first place, even when prosperity returns, many of the now unemployed will not be much better off. It's not the business depression that is beating them—they are working under a depression ALL their lives. For they are trying to wrest a living from a world that asks more than they have to offer.

What business wants today—and will pay any price to get—is RESULTS! And if a man can't deliver—well, it's only a question of time before he is replaced by a man who can.

But if you can accept the challenge—if you are prepared to deliver results, this depression can be a blessing in disguise—an opportunity to climb the ladder, with the way all cleared for you. Never has business been searching more eagerly for ability, knowledge and training.

Maybe it does not appear that way to you, right now. But look around and you will see it. You will see that in this crisis the trained man has suffered far less than others. Indeed, in many cases, he has forged ahead, has even won raises and promotions and is all set for the tremendous opportunities that will inevitably come with returning good times.

But let's get down to cases—letters received during the last few months—so that you may see exactly what we mean—

These Men Are Beating the Depression

J. H. W., Michigan, writes, "I have been promoted—just one week after my superintendent learned I was taking LaSalle training in my spare time. He made a chance for me by letting out a man who was not accurate in his work."

R. P. F., Illinois, "Thanks to my training with you, I have been advanced to head of the book-

keeping department. Please recommend one of your students to fill my old job."

F. A., Ontario, "About three weeks ago, our superintendent told me the company had a letter from LaSalle about my training. He then told me that the manager had been looking for a man to fill a vacancy and your letter had won the place for me."

E. S., Ohio, "The fact that I have increased my salary and have been promoted to the management in the face of the depression is, I think, ample proof of the value of my LaSalle training."

J. L., California, "I have just been promoted to Assistant Traffic Manager (thanks to LaSalle). An increase in salary came with the promotion. I consider this pretty good during this period of wage cutting and economy."

What About You?

But enough of talking about others. You are interested, after all, in knowing whether you can beat the depression.

It depends on the kind of man you are. Many men prefer to take a licking in silence. They are *waiting* for the return of prosperity. Then, so they think, they will make up the ground they lost.

If you belong to this class of "waiters," this message will not interest you. Conditions will improve, and those content to ride up and down on the business wave will enjoy another temporary period of lessened apprehension and trouble.

But if you belong to the other class—if you are in earnest about winning back whatever reduction in income you have suffered and moving up into the higher salary brackets, if you are determined to get ready for the big jobs that will be *seeking* men, then this is *your day of opportunity*. Not tomorrow—not when business picks up—but now.

Times like these call for *action*. Sooner or later prosperity will return. Will you be ready for leadership—or will you be sorry for the "break" you passed up in 1932?

Why risk your future for want of a minute's time? At least find out what LaSalle training offers you. Just fill out and mail the coupon now—one minute will do it.

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- Chain Grocery Management
- Business English
- Foremanship

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Position _____



• • • FROM THE WORLD OF BOOKS • • •

Looking at Ourselves

America as Americans See It,
edited by Fred J. Ringel. Harcourt, Brace; 365 pp. \$3.75.

IT WOULD NOT be unusual for a European to tell his European friends about the things he had seen in America. It is conceivable that an American visiting abroad would describe his homeland. But it is distinctly unusual for Americans to tell Americans about their own country. That is what happens in this book; and in the telling, forty-six well-known writers have helped Editor Fred J. Ringel to make this a most unusual and interesting book.

The subjects range from college life to American scenery. The illustrations, many of them photographs of the works of recognized artists, are equally all-inclusive and increase the book's value. All in all, this book is an excellent commentary on American life.

Harvey Wiley Corbet discusses that steel and masonry phenomenon of present America, the skyscraper. An architect whose ability has long been acknowledged, Mr. Wiley describes the original need for skyscrapers, their evolution, the problems which they create, and their future development.

About Hollywood—which he calls more cosmopolitan than Geneva itself—Robert Emmet Sherwood, playwright, movie critic, and former editor of *Life*, tells of its sudden burst to fame as the modern Babylon. It has undeserved notoriety, he says, and by way of refutation he writes of the hard-working stars and the executives whose worries do not end with the fact that when the "talkies" superseded the silent pictures, the foreign market for American films was immeasurably reduced.

We are not told the name of the author who writes on crime and racketeering, except that he is one of the best reporters in America. His opinion is that prohibition lies at the root of organized crime. He writes about the now-deposed Al Capone, whose ability as an organizer put him in control of a fifty-million-dollar-a-year enterprise.

Stuart Chase, author and economist, writes about American industry. He frankly disclaims ability to predict what the future may hold, but he gives an interesting account of what has already happened. First of all, and it is to this that he ascribes the tremendous progress made during the eight years prior to 1929, he analyzes the science of management. The trend turned from a business run by one man to a business in which the leading was done by a group. "A big establishment today needs more brains at the top than any one head will hold. The organization pyramid no longer leads to Napoleon, but to a general staff." Mr. Chase's pages cover the growth of trade associations, develop-



OWEN D. YOUNG

ment of private laboratories, standardization of product and labor, and the several rises and falls of the merger idea.

This is a book of rare entertainment. More than that, it is a book of clear vision and wisdom.

A Life of Owen Young

Owen D. Young, by Ida M. Tarbell. Macmillan, 353 pp. \$3.

To READ Ida M. Tarbell's biography of Owen D. Young is to read the story of an individual who has made himself an example of what a man can do if he sincerely wants to do it. His is the success tale come to life.

Miss Tarbell, America's most famous and versatile woman biographer, tells of Mr. Young's years on a farm near Van Hornesville, New York, which he still calls his home. She carries him through his early schooling and tells about his student career in the law department of Boston University, where he received his law degree in 1896, having worked his way through.

From that time on, his life has moved forward in rapid tempo. While he was practising law in Boston, soon after graduation, he determined to make the new field of public utility law his specialty. It was a step which led directly to his taking charge of the General Electric Company's law division in 1913, and his becoming chairman of the Board of the General Electric in 1922.

During the past decade, Miss Tarbell shows, his reputation as a financial expert has grown steadily. Besides assisting many friends and organizations in a solution for their financial difficulties, he worked with General Dawes on the reparations question in 1924, and in 1929 was the prime mover behind the now famous Young Plan.

His tremendous business success, however, has not taken from him an interest in farming, or destroyed a desire to help

young people who are beset with difficulties much like his own early ones. In short, this book is the story of a man who has risen to fantastic heights of business success, but who still retains a love for the simplicity of his youth.

A Radical Handbook

Coup D'Etat: The Technique of Revolution, by Curzio Malaparte. Dutton, 251 pp. \$2.50.

HERE IS the most interesting political treatise read so far this year by the reviewer. Written by one of Mussolini's stalwarts in the Black Shirt rising of 1922, the author has also studied and observed in Russia, Poland, and Germany. A poet as well as man of action, his historical background is profound; and his deductions seem reasonable.

The first modern coup d'état was staged by Trotsky in October, 1917, when he seized control in Leningrad (then Petrograd). This stroke ousted Kerensky and inaugurated the present Bolshevik regime in Russia. Trotsky was a tactician who believed that by the proper dispositions a successful coup d'état could be staged anywhere at any time. He proved himself right.

Instead of attacking the Kerensky government, the parliament, and the loyal troops massed in Leningrad, Trotsky sent a thousand technical experts to quietly seize power plants, railroad stations, telephone and telegraph exchanges, and other indispensable public utilities. Behind his experts was the passive adherence of the city's proletariat; but the experts, carefully drilled, won the day unassisted. Kerensky's political collapse automatically followed his loss of the public utilities. This victory for modern machine-age tactics is Signor Malaparte's message.

The state, he continues, may be technically defended, too. Thus in 1920, when the monarchist Kapp drove the republican government from Berlin with his Baltic army, he thought only of politics—of old-fashioned Reichstag control based on military force. He neglected the public utilities and their defense. When the exiled republican premier, Bauer, called a general workers' strike against Kapp, the latter left the city within a few days in defeat.

Malaparte takes up Napoleon in 1799, Pilsudski in Poland, Primo de Rivera in Spain, the Trotsky-Stalin controversy following Lenin's death, and the future of the Hitler movement. Malaparte considers Hitler sparing in the use of violence—too legal and parliamentary!

The Italian Fascists employed Trotsky's technical tactics with great success throughout their campaign. Malaparte, who commanded the Florentine sector and participated in the march on Rome, tells how he displayed naked revolt to

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scholarly Israel Zangwill, the English liberal author, who failed to appreciate its "beauties" . . . Revolution today is a carefully detailed plan in which engineers speak louder than orators. Strategy means nothing, tactics everything. According to Malaparte, the prosperous France of 1932 would be as easy a field for a coup d'état as was the broken-down Russia of 1917.

Briefer Comment

• • LEON TROTSKY, in his new "History of the Russian Revolution", could be described as a modern Frankenstein who is outlining the creation of the Monster which later destroyed him. Trotsky rose to fame on the radical wave which, in its recession, has exiled him to Turkey. His magnificent book, translated by Max Eastman, constitutes Volume I. It covers the initial overthrow of Czarism, dealing with the months of March, April, May, and June, 1917. Volume II will appear in the fall. The Trotsky account is, indeed, almost essential to a comprehensive understanding of Russian current history. (Simon & Schuster, \$4.)

• • "DEMOCRACY AT THE CROSSROADS" is a particularly timely symposium in this presidential year. The principles of the Democratic party are reviewed by such headliners as John W. Davis, Claude G. Bowers, W. A. Ayres, H. Parker Willis, Brand Whitlock, Newton D. Baker, Robert F. Wagner, Thomas J. Walsh, Huston Thompson, George L. Knapp, Carl Vrooman, Edward P. Costigan, and the late John H. Latané. The collection is dedicated to "The New Freedom, for which Woodrow Wilson lived and died." (Brewer, Warren & Putnam, \$2.50.)

• • MAHATMA GANDHI is less the dreaming mystic than the canny statesman-idealist, according to Frederick B. Fisher, who spent twenty-eight years among the vales of Hindustan. His extremely able book, "That Strange Little Brown Man: Gandhi," draws a living likeness of this non-resistant George Washington of the East. (Long and Smith, \$2.50.)

• • "BOLSHEVISM, FASCISM, AND CAPITALISM" is an economic symposium by George Counts, Luigi Villari, Malcolm Rorty, and Newton D. Baker. Highly instructive, it contrasts the merits of the three contending systems as presented at the Williamstown Conference of 1931. Mr. Baker's discourse is on world economic planning—a potentially useful subject. (Yale University Press, \$2.50.)

• • IT WAS BECAUSE he scented news that Herbert Corey, journalist, began to investigate the accusations hurled against President Hoover. And it is as a journalist, he adds, not as a eulogist, that he writes "The Truth About Herbert Hoover," a spirited defense of the President. (Houghton Mifflin, \$2.50.)

• • RUSSIA is not the only country to have experienced Soviet revolution. Hungary, Bavaria, north Italy, south

BOOKS on the Problems of the Day

ONCE MORE, ladies and gentlemen, I present you with a book on the economic scene, and if some of you don't begin reading and cogitating about it pretty soon it won't be my fault. Every week, almost every day, some author throws the present anomalous situation in your teeth and asks you, "What are you going to do about it?" —Harry Hansen in *N. Y. World*—
Telegram

A BUBBLE THAT BROKE THE WORLD

By Garet Garrett

The story of the rape of American credit. Here is an answer to the propaganda now being exerted against this country by European writers, publicists, bankers and governments for the cancellation of the War Debts.

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How do you KNOW you can't WRITE?

Have you ever tried?

Have you ever attempted even the least bit of training, under competent guidance?

Or have you been sitting back, as it is so easy to do, waiting for the day to come some time when you will awaken, all of a sudden, to the discovery, "I am a writer?"

If the latter course is the one of your choosing, you probably never will write. Lawyers must be law clerks. Doctors must be internes. Engineers must be draftsmen. We all know that, in our times, the egg does come before the chicken.

It is seldom that anyone becomes a writer until he (or she) has been writing for some time. That is why so many authors and writers spring up out of the newspaper business. The day-to-day necessity of writing—of gathering material about which to write—develops their talent, their insight, their background and their confidence as nothing else could.

That is why the *Newspaper Institute of America* bases its writing instruction on Journalism—continuous writing—the training that has produced so many successful authors.

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NEWSPAPER Institute training is based on the New York Copy-Desk Method. It starts and keeps you writing in your own home, on your own time. Week by week you receive actual assignments, just as if you were right at work on a great metropolitan daily. Your writing is individually corrected and constructively criticized. A group of men with 182 years of newspaper experience behind them are responsible for this instruction. Under such sympathetic guidance, you will find that (instead of vainly trying to copy someone else's writing tricks) you are rapidly developing your own distinctive, self-flavored style—undergoing an experience that has a thrill to it and which at the same time develops in you the power to make your feelings articulate.

Many people who should be writing become awestruck by fabulous stories about millionaire authors and therefore give little thought to the \$25, \$50 and \$100 or more that can often be earned for material that takes little time to write—stories, articles on business, fads, travels, sports, recipes, etc.—things that can easily be turned out in leisure hours, and often on the impulse of the moment.

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Why don't you write?

The World of Books

Continued from page 5

China, and little Latvia were under transient Communist rule after 1917. The Latvian experience is graphically unfolded by George Popoff, who dwelt in Riga in 1919 under the Hammer-and-Sickle; and who writes "The City of the Red Plague". (Dutton, \$3.50.)

• • • **WOODBURN EDWIN REMINGTON** advocates a Nordic "world state" similar to the British Commonwealth of Nations, to comprise Great Britain, her Dominions, the United States, Germany, Scandinavia, and Holland—alike in background and ideals. Preferential trade and Ottawa, the capital city, would serve as other connecting links. Mr. Remington's extraordinary historical knowledge makes "World States of the Machine Age" well worth study. (Gilbert Printing Co., Columbus, Ga.)

• • • "THE NEW INTERNATIONAL Year Book for 1931" is a valuable, interesting source of authentic information about a year whose events will not be soon forgotten. (Funk & Wagnalls, \$6.75.)

• • • **THE DISTANCE** between the source of power and the location of its consumers has an influence on the problem of municipal ownership of power plants, Paul Jerome Raver shows in "Recent Technological Developments and the Municipally Owned Power Plant." (Institute for Economic Research, \$1.50.)

• • • "A PICTURE of World Economic Conditions at the Beginning of 1932" is based on analyses of imports and exports, national finance, agriculture, cost of living, production, and unemployment in twenty-five countries. (National Industrial Conference Board, \$3.)

• • • **W. E. WOODWARD**, former banker, is not a member of that group which believes America's prosperity is dependent on foreign prosperity. "Money for Tomorrow" (Liveright, \$2) is his conception of an American method for curing an American depression.

• • • As well as such a thing is possible, Harry Elmer Barnes, in "Prohibition vs. Civilization," has raised the moot question of prohibition from the level of dinner-party bickerings to a height of judicious consideration. (Viking, \$1.)

• • • "GENERAL SALES TAXATION," by Alfred D. Buehler, is a book to be read by anyone who wants to learn about this form of taxation: where it has been used, how it has worked, where suggested, and how it can be altered. (The Business Bourse, New York, \$5.)

• • • **IN ITS PACIFIC OCEAN RELATIONS**, the United States has changed from its earlier policy of territorial expansion and acquisition to one, barely begun, of attempting to maintain the *status quo*. Foster Rhea Dulles has made "America in the Pacific" an excellent background for events that may occur during this second phase. (Houghton Mifflin, \$3.50.)

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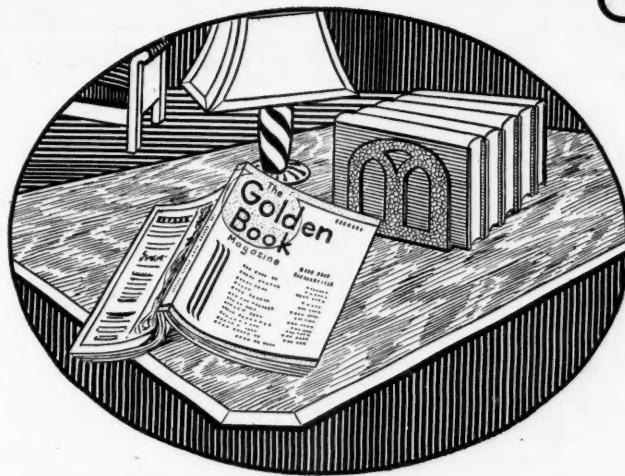
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THE REVIEW OF REVIEWS

—JULY, 1932—

The Progress of the World

By ALBERT SHAW

Taxes and
the New
Fiscal Year

LET IT BE NOTED that with the beginning of July the government of the United States begins a new fiscal year, during which it proposes to make a severely self-denying effort to live within its means. In the working out of this national problem, every intelligent citizen above the age of fourteen ought to be aware that he is having a duty to perform. Directly or indirectly some of the new taxes will be paid by every one who spends money for ordinary indulgences and pleasures. Most of the principles upon which the new tax law is framed are fallacious. In trying to "soak the rich" and to penalize the productive use of capital, Congress merely discourages business, reduces the number of available jobs for workers, and hammers down the wages of those who continue to hold their employment. But with all its faults the tax law is directed toward a necessary end. Every one could afford to pay his share of taxes—and every voter ought to pay—if he could be assured of constant and fairly lucrative normal occupation. We must endeavor to revive private business prosperity, and we must work steadily for better laws in the future. This will require a higher level of intelligence and character in Congress, but chiefly it will require unfailing confidence in the future of the United States, and energetic effort on the part of each citizen to carry his own load. On page 56 the new taxes are analyzed.

The Times Call
for Decency
in Public Office

YOUNG MEN and young women fresh from schools and colleges should learn to think for themselves about these questions. If their minds work clearly they will soon perceive that taxable wealth tends to disappear much more rapidly than confiscatory threats can be put into execution. The rejection by Congress of the general manufacturers' tax, after it had been approved by leaders of both parties in the Ways and Means Committee, was the act of ignorant men or mischievous demagogues. Such men would not be re-elected to Congress if our young voters knew enough about politics, economics, and the principles upon which business prosperity rests, to act with intelligence. We have drifted far away from the rules of

probity and scrupulous honor in the management of our public affairs. The path of retrenchment and reform is hard and painful; but since the fool's paradise in which some people were living has become a chaotic wreck, we will do well to salvage the splendid heritage that is still intact, and adopt the wholesome view that honest and decent ways of private and public life are still attainable, and are best for everybody. We commend Judge Seabury's remarks, in this number.

Young People
Now Leaving
School Life

DURING THE MONTH of June some hundreds of thousands of our young Americans were ending their periods of study in colleges or high schools. In spite of hard times—or in many cases because of hard times—a considerable proportion of the high school graduates will enter college classes next autumn. But the great majority will cease to think of themselves as school boys and school girls, and will realize that they are now entering upon adventurous new careers of young manhood and young womanhood. The girls are, perchance, eighteen years old, and the boys nearer nineteen. As individuals, not many of them deserve to be given an all-around marking of 100 per cent. Nevertheless, the average—grading them for health, mentality, character and courage—is high. For capacity to meet the hard strains of real life, and for initiative and self-denying effort, the markings would have to be rather lower. As regards the work of the schools and the influence of home and community life in fitting high-school graduates for the years to come, bold criticisms might be offered, though these should not be made in a censorious spirit. To consider this army of young people, from the standpoint of years and wide experience, is to feel an intense regard for them, and an eager desire to have them make the best of themselves. If we were limited to one sentence, however strong our sympathies for the anxieties and bewilderments of young people, we should say: "The world owes you nothing; the country owes you nothing; nobody owes you anything; you have your own way to make, and with courage and self-reliance you can meet difficulties and overcome them."

Learning, in
Spite of Bad
Teaching

IT IS HARD to live down the mistaken views of life that are formed during the long years of easy and comfortable school routine. The chief fault of our school methods lies in the fact that individual initiative is suppressed, rather than developed. Schools put all the emphasis upon teaching—and much of the teaching is worse than failure, because it stands in the way of knowledge about actual things. In real life we do not despise *teaching*, but we put the emphasis upon *learning*. It is for this reason that so-called formal education in adolescent years has little value unless supplemented and rounded out afterwards by *adult* education. Men and women who do not try to learn something fresh every day soon show signs of atrophied mentality. People of high accomplishments, who have not spent a certain number of years in routine school attendance, are often described by thoughtless people as "self-educated." No one, of course, can be educated at all unless he is carrying on the process by means of his own mental energy. Schools (in moderation) would be advantageous for most young people were it not for the stupidity of the tasks imposed under the artificial lesson system that retards and hampers true education.

Work at
Nineteen, or
Twenty-three?

NEVER BEFORE did actual life offer such glorious opportunities for learning things as it does today. In former times it was quite enough for exceptional pupils to have attended school up to the nineteenth year. Many of our most eminent lawyers were admitted to the bar before they were twenty-one. Certainly we need more rather than less of high and thorough scholarship, and of devoted research in science, medicine, economics, and social and political relationships. But for the average young man who is not go-

ing forward to the higher walks of a profession, or to some field of special scholarship and research, it may be better to take up practical life at nineteen than at twenty-three. The test comes ten or fifteen years later. Everything depends upon what the individual has learned how to do for himself by the time he is thirty or thirty-five.

Incentives
to Strenuous
Effort

FAR FROM BEING bad times for this year's graduates, whether leaving high school or ending four additional years in college, these may prove to be the best time that could be selected. Some ten or twelve years ago, while we were still soaring aloft on the wings of war-time inflation, thousands of young men left safe places in teaching or other useful pursuits, and poured into Wall Street and the speculative centers to make money with ease and rapidity. Such notions are not the best for young men leaving school. "Honest poverty" is indeed hard for elderly people or invalids to endure; but it should give young people who have firm health, and a fair share of the quality known as "spunk," a stimulus and an incentive to worth-while effort. Americans naturally have to live and work in closer association under present conditions than in pioneer days. But this furnishes the greater reason for trying to keep alive the essential American spirit of self-reliance. One must not deal too harshly with the middle-aged man who has lost a routine job and finds himself helpless unless other people put food in his mouth. But his case should furnish a warning to every man who is just beginning. In return for losing the job there ought to be real compensation in the fact of freedom to do something else, and in the recapture of one's entire time.

Let Strong
Men Help
Themselves!

ONE OF THE WORST results of trade unionism (now quite generally gone to seed) is the false sense of security that makes the man with the union card think he owns his job, and that as between his harassed employer on one hand, and trade-union politics on the other, he will never have to think or plan for himself, acquire versatility, or develop self-reliance. Young children in their mother's care should have food, shelter, clothing and medical attention provided for them plentifully and without grudging in these periods of widespread impoverishment. But the great majority of healthy men would find ways to take care of themselves when not working at former jobs, except for the artificial nature of life in cities and manufacturing centers, and except for mollicoddling by social doctrinaires and misguided philanthropists. Looking to general solutions, we shall help things by decentralizing industry in years to come. In these remarks, however, we are thinking of young people and their immediate predicaments. We advise them not to wait around for general solutions, but to help the world by buckling down and helping themselves. Success to the lad who scorns to rely upon a job-giver, a trade-union, or a loud-talking propagandist of economic revolution! Mr. Owen D. Young's address at Notre Dame University on June 5 is printed in our present issue. We commend it with earnestness and enthusi-



STARTING AT LIFE'S THRESHOLD

By "Ding," in the Des Moines Register

asm to all young men and young women. We also advise their elders, many of whom are trying to understand public conditions while groping amid the debris of their private fortunes, to read it several times. It looks beyond the quagmires of depression.

**A Leader Who
Still Believes
in "Progress"**

MR. YOUNG WILL NOT allow temporary reaction—however violent—to shake his faith in those factors and methods of human advancement that we were all counting upon with so much assurance only a few years ago. Men like Mr. Young, Mr. John D. Rockefeller, Jr., Mr. Hoover, and many others less widely known, but equally sincere and humane, are not swerved in their objectives, or in their beliefs about America's future, by these alternating periods of so-called good times and bad times. They see work to be done and problems to be solved on the planes of public policy, for they well understand that many conditions are wrong and must be made better. But also they see battles to be fought and won by each young man or young woman within the domain of his own private and personal existence. In these days of specialized pursuits, many young people (probably the majority) must expect to find their particular places within the groupings of industry or trade. But the specialist who has been properly disciplined from childhood ought also to know forty different ways to earn a living, when the better-paid special job fails him in some time of emergency.

**Right Use
of Leisure
Margins**

HEREIN LIES the advantage of the proposed system of short days, short weeks, and furlough periods. If a man can make no valuable use of a recovered margin of his time, he ought not to be released from the twelve-hour day of work at the only job which brings benefit to his family. We have remarked heretofore that if Mr. Edison in his youth had worked in a factory where the day was divided into six-hour shifts, he would have chosen to work through two shifts and earn the extra pay. But as time went on, he would have been glad to work only one shift in the factory, in order to gain the extra hours for undisturbed effort, on his own initiative, in his private experimental laboratory. As against a 10 per cent. cut in salaries of federal employees, President Hoover has steadily favored a plan of furloughs without pay. We have far too many government employees; but to discharge a quarter of them just now would add to the general distress because other jobs are not easily available. In view of conditions, there would be no injustice in a sharp cut of federal salaries. But the President's plan of a certain number of days or weeks of furlough without pay, to be arranged as convenient, would bring desirable relief to the Treasury and would set an example for private employers.

**Getting Away
from the
Public Crib**

MR. HENRY FORD has been giving much thought to questions of this kind, while also making actual demonstrations. There are seasonal occupations where at certain times many people are employed, while at other times half the workers may be at loose ends. This is true in the coal-mining indus-



THE PRESIDENT AND MRS. HOOVER
A White House photograph, taken June 15.

try, and to a lesser degree in many others. Mr. Ford would have factory workers live on plots of ground where with the short week and in slack times they could be employed at gardening or truck farming. Government workers in their long furloughs should be engaged upon something that would furnish them a future outlet. For, when a return to sound principles and methods in the management of public business can be secured, half of those now drawing salaries as federal employees may be dispensed with. Let them be learning to feed themselves, as against the time when the public crib will cease to nourish them. Mr. Ford and other employers are actually doing things to show older people how to use their free time. But young people should seek to find out for themselves. With schools converted from so many lessons in books to the learning of many practical lessons in life, the future for workers should be bright.

**President and
Congress at
Variance**

IN A SEPARATE ARTICLE on Mr. Hoover as President we have tried to show the difficulties in unusual times like these that result from our system of government. The Constitution sets up a scheme of presidential authority and responsibility, and a separate scheme of congressional government. The two must be brought into compromise agreements upon essential measures, if in moments of crisis the country is not to



SENATOR DICKINSON, OF IOWA, REPUBLICAN KEYNOTE ORATOR

be ruined by deadlock when (as may easily happen) these two branches of government are politically hostile to each other. All thoughtful citizens should understand that in situations like those of the past year there must be acceptance of some official direction. In practical experience, no individual leadership is possible except that of the President. Without hesitation we affirm that in every recent instance of confusion and divided councils at Washington the fault has been with Congress and not with President Hoover. This remark relates chiefly to the system itself, but also in some degree to the undisciplined conduct of individuals. If any other public man had been in the White House, the same remark would presumably have been applicable. The worst fault of the present Congress has been that weak, wilful and morally inferior members have mutinied against experienced leadership in their own parties. Speaker Garner made a good beginning, but he lost control. His crew mutinied. A riotous mob destroyed a good tax bill and later destroyed a good economy bill. In the Senate the seasoned regulars of both parties were working for the public good as regards most measures, although every Senator is shaky when his own state or section demands a tariff change or some other local favor.

**Mr. Hoover's
Victories
Against Odds**

THE TRIUMPH of President Hoover lies in the fact that with actual Republicans in a minority in each house he met a severe endurance test and secured important results. His courage and fortitude protected the public welfare as against prejudice, cowardice, and local-mindedness on the part of unruly majorities in Congress. It should be remembered that for his first two years—with a Republican majority in the House that was fairly well integrated under such leaders as Speaker Longworth, Mr. Tilson, Mr. Hawley and Mr. Snell—there was an adverse majority in the Senate that worked against the Administration and against government efficiency. The tail almost invariably wagged the dog. The Brookharts and Norrises—holding the balance of power between the two parties

and always the most captious opponents of Administration policy—held the Democrats on a leash. Sourness, obstruction and confusion in the Senate was in sharp contrast with the orderliness that characterized the House. So much for conditions during the Seventy-first Congress.

**It Was Not
the President's
Tariff**

PEOPLE WHO blame Mr. Hoover on the score of the Hawley-Smoot tariff are either ignorant or else unfair. The special session that created the Farm Board and that was intent upon revising the agricultural tariff rates, was called in response to the pledges of both parties in their platforms of 1928. That session was categorically demanded by Senator Borah and many others. Most of those who criticize the

Hawley tariff have never seen a tariff schedule in their lives. The chief trouble was not with the rates, but with the pulling and hauling—especially in the Senate—that caused mischievous delay, and disturbed everybody at home and abroad who was concerned with our foreign trade, by reason of a long year of suspense and uncertainty. This was not a Republican tariff when it was finally adopted. Every Democratic Congressman and Senator had his finger in the pie, and it became quite as much a Southern as a Northern or an Eastern tariff, as one for Western agriculture. Mr. Hoover hated the fumbling processes by which it was finally enacted. His great concern was to secure a scientific Tariff Board that would investigate, report frequently, and recommend gradual adjustment of rates, to obviate the harm of general log-rolling revisions in the future. He could not have vetoed the tariff before it was handed to him; and to have vetoed it in the end would have done far more harm than good. It would only have prolonged the confusion.

**Appeals for
Order in
Congress**

MORE THAN ONE thoughtful man has declared that dictatorial powers should be vested in the Presidency for situations like that of the present year. If he had possessed such power, Mr. Hoover would not have abused it. He would have taken the best possible advice, but he would have acted courageously and quickly, just as he did in the case of the foreign debts moratorium. He would have balanced the budget, cut down the cost of government, squeezed the fraud and humbug out of the stupendous total of payments to men who are actually or nominally veterans of the Great War. He would not have allowed the railroads to be wrecked financially by the sinister forces that are now arrayed against their solvency. But every one knows that there is no present or prospective means by which the President could be clothed with legal authority to supersede Congress in emergencies. All that we can do just now is to make a strong appeal to the citizens to put one party or the other party into power, and to demand that Congress should acquire dis-

cipline and should behave with decency. Mr. Owen D. Young on May 22 made a timely appeal for the maintenance and effective functioning of our bi-party system. He commended the efforts of the past three or four years "toward making the Democratic party organization virile and truly national in scope." On May 16 Alfred E. Smith, former Governor of New York, had made a valuable and constructive speech over the radio upon the government's financial situation. His conclusion was a strong appeal for unity and patriotism. "I believe," he declared, "that it is the patriotic duty of every member of Congress from now until adjournment to discourage and avoid in every possible way all blocs, cabals, insurgencies and mugwump tactics by whatever name they may be called, which bedevil legislation, increase the depression, unsettle business, and endanger our credit at home and abroad."

Which Party
Will Win
in November?

THERE WAS GENERAL anxiety among good citizens, regardless of party, as the Democrats were airing their disagreements in advance of the convention.

It was hoped that they would nominate a presidential candidate of courage, ability and common sense. No man without perfect health and strong nerves could endure the strain. With the best available Democrat presented to the country as against President Hoover, the citizens would have four months



DR. BUTLER AT CHICAGO WITH HIS DAUGHTER

Sarah Schuyler Butler was herself a member of the New York delegation in the Republican National Convention. President Butler was conspicuous in the fight for a repeal plank.



OHIO REPUBLICANS AT THE CHICAGO CONVENTION
James R. Garfield (left), chairman of the platform committee, with Walter F. Brown, Postmaster General.

in which to think carefully whether or not they would like to make a party change. But this year the congressional tickets should be regarded as of no less importance than the presidential. Both parties should strive for clear and well-disciplined majorities in the two houses. Republican voters would do well in every case to support a straight Democrat for the Senate or the House, rather than to vote for any man who, although he might have won a renomination in so-called Republican primaries, has refused to work with the Republican party when in Congress. If Mr. Hoover is re-elected, let us hope that the Republican party may be in full power, so that we can hold it responsible. That an actual Republican should have beaten Senator Brookhart in the Republican primaries in Iowa is a good sign, although Mr. Brookhart will understand that this remark relates itself to our system of government by parties, and is not meant to be personally offensive. It was also a good sign that Wisconsin sent regular Republicans to the convention at Chicago, for the first time in about a third of a century.

**The Republicans
in Convention
at Chicago** OUR READERS will understand that this magazine was going to press while the Republican convention was still in session at Chicago, and was printed for distribution before the Democrats were assembled in their momentous conclave on the morning of Mon-

day, June 27. The temporary chairman of the Republican convention, chosen to make the "keynote" speech, was Senator Dickinson of Iowa, a progressive in the true sense, and a representative of the best traditions of what is perhaps the most typically American state in the Union. An eloquent citizen of California, Joseph Scott, made the speech nominating Mr. Hoover for another term. As the time for opening the convention approached, the platform became the most absorbing topic. James A. Garfield of Ohio had been designated well in advance as chairman of the platform committee, subject to approval by the convention itself. The changing views of the country about prohibition were finding unexpected expression during May and in the early days of June. President Butler of Columbia has long held that clean-cut repeal of

the Eighteenth Amendment is necessary in order to make a fresh start with the business of regulating the traffic in alcoholic beverages. Mr. John D. Rockefeller, Jr., came out early in June with a letter to Dr. Butler endorsing that position. Many former supporters of the Eighteenth Amendment and the Volstead Act declared that the time had come to give the people a chance to repeal or to modify the system.

**The Platform
Plank on
Prohibition**

THE PLATFORM as a whole, as adopted during the evening of June 15, is an unusually clear and well-expressed document summarizing the plans and achievements of the Hoover Administration, especially along the lines of economic policy in view of the Treasury situation and the business crisis. It

The Prohibition Plank Adopted by the Republican National Convention

THE REPUBLICAN party has always stood and stands today for obedience to and enforcement of the law as the very foundation of orderly government and civilization. There can be no national security otherwise. The duty of the President of the United States and the officers of the law is clear. The law must be enforced as they find it enacted by the people. To these courses of action we pledge our nominees.

The Republican party is and always has been the party of the Constitution. Nullification by non-observance by individuals or state action threatens the stability of government.

While the Constitution makers sought a high degree of permanence, they foresaw the need of changes and provided for them. Article V limits the proposals of amendments to two methods: (1) Two-thirds of both houses of Congress may propose amendment or (2) on application of the legislatures of two-thirds of the states a national convention shall be called by Congress to propose amendments. Thereafter ratification must be had in one of two ways: (1) By the legislatures of three-fourths of the several states or (2) by conventions held in three-fourths of the several states. Congress is given power to determine the mode of ratification.

Referendums without constitutional sanction cannot furnish a decisive answer. Those who propose them innocently are deluded by false hopes; those who propose them knowingly are deceiving the people.

A nation-wide controversy over the Eighteenth Amendment now distracts attention from the constructive solution of many pressing national problems. The principle of national prohibition as embodied in the

amendment was supported and opposed by members of both great political parties. It was submitted to the states by members of Congress of different political faith and ratified by state legislatures of different political majorities. It was not then and is not now a partisan political question.

Members of the Republican party hold different opinions with respect to it and no public official or member of the party should be pledged or forced to choose between his party affiliations and his honest convictions upon this question.

We do not favor a submission limited to the issue of retention or repeal, for the American nation never in its history has gone backward, and in this case the progress which has been thus far made must be preserved, while the evils must be eliminated.

We therefore believe that the people should have an opportunity to pass upon a proposed amendment the provision of which, while retaining in the federal government power to preserve the gains already made in dealing with the evils inherent in the liquor traffic, shall allow states to deal with the problem as their citizens may determine, but subject always to the power of the federal government to protect those states where prohibition may exist and safeguard our citizens everywhere from the return of the saloon and attendant abuses.

Such an amendment should be promptly submitted to the states by Congress, to be acted upon by state conventions called for that sole purpose in accordance with the provisions of Article V of the Constitution and adequately safeguarded so as to be truly representative.

**The Repeal Plank offered by the Wet minority in the Resolutions Committee,
and rejected by the convention**

WE RECOMMEND that the Congress of the United States immediately prepare an amendment to the Federal Constitution repealing the Eighteenth Amendment thereto, to be submitted to conventions of the people of the several states called for the sole purpose in accordance with the provisions Article V of the Constitution of the United States.

Should the Eighteenth Amendment be repealed, we pledge our best effort toward enactment of such measures in the several states as will actually promote temperance, effectively abolish the saloon, whether open or concealed, and bring the liquor traffic itself under complete public supervision and control, with revenues properly drawn from legalized sources for the relief of the burden of taxpayers.

contains little that is novel or acutely controversial. Far from being a stormy meeting of a major political party, the convention was remarkably harmonious. When the renomination of a president is agreed upon in advance, and when the President and his party are in full working agreement as to a series of practical policies actually in process of adoption and development, the convention is not likely to be sensational. With nothing else to be greatly argued about, the occasion was a magnificent one for bringing the prohibition issue before the country. A clean-cut thing, of course, would be to demand repeal of the Eighteenth Amendment as soon as possible. But a majority of the delegations were not willing to go so far. They were not disposed to instruct the voters what to do when the question comes before them.

**The Debate
and the
Final Vote**

A REMARKABLE CHANGE was registered when contrasted with convention sentiment four years ago and eight years ago in the simple fact that all of the

delegations at Chicago were willing to give the voters a chance to get rid of national prohibition if they so desired. The debate at Chicago was no waste of time or effort. It was worthy of the best traditions of the Republican party. Dr. Butler was never in better form; and Secretary Mills, taking what we would call the more statesmanlike view of the realities of party opinion and the processes of constitutional change, came out of the convention with enhanced prestige and influence. We think it a probable service to our readers to print herewith the plank as adopted. It is not so meaningless or so double-faced as some of its critics have declared it to be. We also present, for convenient reference, the so-called repeal plank, advocated by Senator Bingham, Dr. Butler, and all the wet organizations, which was defeated on the floor of the convention after a frank debate. The plank as adopted received 681 votes on the test in full convention, while the repeal plank was supported by 472 delegates. The differences are not great. Both sides favored submission of the issue to state conventions. After the verbal combat, the convention accepted the majority plank with unanimity. The Republicans have now endorsed the view that Congress should be empowered to exercise nation-wide and uniform control over at least some phases of the liquor traffic, while the individual states should have the additional right to prohibit or to regulate, subject to the legislation adopted at Washington. The Eighteenth Amendment, as everybody agrees, ought to be reconsidered.

**Should the
States Control
Liquor?**

THE DISTINCTIONS as to method are not quite as important as some people have thought. The people of the United States will never be able to

deal efficiently with the liquor question until they have regained the liberty of which they were deprived by the Eighteenth Amendment. To put prohibitions of this kind into the Constitution is to interfere with the freedom and to impugn the honor of future citizens. But there is one phase of the prohibition question about which there is still time to think carefully. If we repeal the Eighteenth Amendment the whole subject



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HON. CHARLES CURTIS, VICE PRESIDENT

Renominated by the Republican National Convention on June 16.

goes back to the states, and we shall have forty-eight kinds of liquor laws. We thus call back into existence another constitutional prohibition of an underlying nature. The federal government is one of delegated powers. Congress will be prohibited from undertaking any national and uniform system of liquor regulation, no matter how large a majority of the people, and how many members of Congress, might come to think that some uniform national system would be better than a great variety of clashing systems in contiguous states. Dr. Butler has a talented colleague in the faculty of Columbia University, for whom he has high regard. Professor McBain, a distinguished legal authority, well fitted to sit on the Supreme bench, has for several years believed that it would be well to substitute for the Eighteenth Amendment a mere grant of jurisdiction to Congress. We have favored that view.

**A Permissive
National
Jurisdiction**

CONGRESS WOULD BE under no obligation to exercise such a power, either now or in the future. But if the forty-eight states should ever choose to elect a majority of Representatives and Senators committed to the idea that we should have uniform liquor laws, we should then be in a position of entire liberty. We could regulate liquor in the forty-eight states, or we could handle some phases of the question on a national plane, leaving other phases for local treatment. This view was substantially the same as that afterwards set forth convincingly by Mr. Henry Anderson of Virginia, who was one of the members of



HON. FRANKLIN D. ROOSEVELT OF NEW YORK

Addressing a patriotic gathering at Kingston, N.Y., late in May. The New York Governor enters the Democratic National Convention leading a long list of favorite sons.

the Wickersham Commission. Nearly all the other members of the Wickersham Commission declared themselves as essentially favoring Mr. Anderson's plan. In any case we ought to get rid of one prohibition—that of the Eighteenth Amendment. But for some reason it has seemed hard to make the leaders (Wets and Drys alike) understand that by accepting Mr. Anderson's view, or Dr. McBain's proposal, they would get completely rid of two prohibitions at the same time. President Woodrow Wilson believed that the Eighteenth Amendment was wrongly phrased, and that it should have taken just the form that we are now describing. Mr. Wilson, instead of putting a new prohibition into the Constitution, would simply have removed an existing prohibition by conferring upon Congress one additional field of jurisdiction. But Congress would have been under no obligation to act, except as public opinion might from time to time justify legislation on the national plane.

Mr. McAdoo
Proposes a
Referendum

IN TRYING TO SETTLE the liquor question for all time, Mr. Bryan and the prohibition leaders over-reached themselves. Congress would in any case

have continued for a time the temporary prohibition that was ordained under exercise of the war power, if it had not lacked peace-time jurisdiction over the question. But Congress would have been free to

modify or to repeal, in the light of subsequent experience. Mr. W. G. McAdoo now proposes an advisory referendum. We are printing his views elsewhere in this number. He would give the people a chance to vote Yes or No upon repealing the Eighteenth Amendment, and also to vote upon the alternative of substituting permissive congressional jurisdiction for the present system. A referendum would be costly, and it might not work out well in practice. Many leaders in both parties have hoped that the two conventions would adopt similar or identical plans, in order to minimize the prohibition issue in the campaign. If state lines did not exist, and if a mass vote of all the American people could be taken on repeal, there could be little doubt about the result. An immense majority would vote against the continuance of the Eighteenth Amendment. Who will dispute this?

If Repeal
Goes to the
Legislatures

BUT UNDER OUR SYSTEM the proposal to repeal must first secure two-thirds majorities in both houses of Congress. It must then be ratified by at least thirty-six of our forty-eight states. Failure to ratify it in as many as thirteen states would block repeal. There are advantages in the proposal to have repeal acted upon by state conventions, separately elected to deal with that one subject. But, hitherto, constitutional amendments have been submitted to the state legislatures. In such case, affirmative action requires agreement between two legislative chambers in every state. After Congress had voted to submit a repeal amendment, seventy-two law-making chambers in thirty-six states would have to ratify it in order to accomplish results (if the convention plan were rejected by Congress). But in order to defeat repeal, the prohibitionists would only have to control one branch or the other of the legislatures in thirteen states. Even if repeal were adopted in one chamber, it would fail if a single vote in the other house should turn the scale against it. In such a case—theoretically possible though highly improbable—thirteen individuals in the legislatures of the least populous of our states could defeat repeal, even though more than nineteen-twentieths of the citizens of the entire country were clamoring for it and voting for it. The moral is that we had better not put prohibitions in the Constitution, if we have any idea that we may ever wish to take them out.

Parties and
Definite
Action

PARTY COHERENCE and discipline are advisable just now, even for the sake of non-partisan objectives. This might seem paradoxical, but it should be plain enough to any one who is versed in our political methods. It is impossible to change the prohibition system without action by Congress. But the next Congress, even more than the present one, will be made up of Republicans and Democrats. It is fairly certain that there will be less rather than more of tomfoolery in Congress under the pretext of individual conscience and conviction. By the time the Republicans organized their convention on June 14, it was well known that both party platforms would express willingness to let the people of the states have an early opportunity to

express their present judgment about prohibition. The exact wording of the planks would not be conclusive as to the steps that Congress might propose at some future time. Whether a Republican or a Democrat is elected President, he will try to enforce the existing law in good faith until it is changed. And it may be said that neither Mr. Hoover nor any Democrat who might succeed him would lift a finger to obstruct any orderly effort to obtain a fresh verdict from the people. But we are to have something approaching a real referendum in the congressional districts this very year. It will help to make this immediate referendum valuable, and perhaps conclusive, if every congressional candidate is compelled to take a definite stand.

**Platforms and
Congress
Candidates**

HEREIN LIES the importance of the planks in the two platforms. Republican and Democratic candidates for Congress will as a rule be inclined to agree with their respective national platforms. The present Congress is regarded as strongly upholding prohibition in both houses. But on this subject, Congressmen are trying to represent their constituents rather than to assert their individual views. If in electing a new Congress there should be an avalanche of votes in favor of candidates who stand boldly for repeal, it is likely enough that most members of the present Congress would regard this test vote as in the nature of a mandate. Thus when the retiring Congress meets for its last session in the first week in December of the present year, it might be impelled to submit a repeal amendment without delay, by reason of changed sentiment in the states and congressional districts as manifested at the polls in November. If this were done, and if the question were submitted to state conventions to be chosen early next year to act upon that one issue, it is conceivable that repeal might come about with unexpected celerity. This is the plan that Dr. Butler, supported by Mr. Rockefeller and many other citizens, regard as the most desirable. Mr. McAdoo, who had been one of the foremost political leaders of the Drys, proposes an advisory referendum. But Mr. McAdoo might find that the voting in the choice of a new Congress this November would be conclusive enough to justify the immediate submission of an amendment for repeal or revision.

**Better Things
After the
Election**

SOME DISTINGUISHED citizens, realizing that temporary dictatorial powers for handling economic emergencies are not likely to be conferred upon the Chief Executive in the near future, have suggested a bi-partisan Cabinet. But in the first place, our department heads do not constitute an executive cabinet in the European sense, and in the second place, these busy officials are not acting as partisans in their ordinary work. What we need most for immediate efficiency is thorough party discipline in both houses of Congress, and readiness on the part of leaders in the Senate and the House to recognize loyally the need of coöoperating with the Administration. The election in November is likely to clear the political atmosphere at Washington. It is reasonable to expect better things next December.



MAYOR WALKER ON THE WITNESS STAND

Under the questioning of former Judge Seabury, acting as counsel for the New York legislative inquiry into New York City affairs, the Mayor seemed to please both his friends and his enemies. Formal charges were filed with Governor Roosevelt last month, demanding Mayor Walker's removal from office.

**Advances to
States for
Relief**

AFTER PASSAGE of the tax bill, pressure was put upon efforts to reach a settlement of differences about the so-called economy measure. There was general desire for a completion of the session, but President Hoover held strongly to the view that the balancing of the budget ought to be better assured before adjournment. There was agreement upon the plan of lending to the states a maximum of \$300,000,000 for relief purposes. This was not because any one of our states lacked resources for feeding, clothing and sheltering its own citizens. But in some states, it was alleged, there were technical difficulties that would cause delay in the use of public credit. Loans to such states made by the Reconstruction Finance Corporation could easily be repaid in due time.

**The "Bonus"
Rush on
Washington**

IN THE ARTICLE relating to Mr. Hoover as President the so-called Patman bonus bill is mentioned as a bad measure against which the Executive veto could be relied upon to protect the public interest. Unfortunately this bonus bill inflamed the imaginations of thousands of ignorant men who were

assured that its passage would place substantial sums of money in their pockets without any delay. They were told to think of Washington as a bonanza gold field; and they began an excited rush, especially from the Pacific Coast, but also from nearer points. They thought that if they arrived in Washington in sufficient numbers they would duly impress Congress and get what was coming to them. It was not their intention to menace the government, or to make an improper raid upon the Treasury. They already held the bonus certificates; and Congressman Patman had offered them a way to get the cash without burdening the Treasury or the taxpayers. He presented the simple device of printing and distributing two and a half billions of new paper money, which (it was claimed) would have the further beneficial effect of raising commodity prices, and helping at once the wheat and hog farmers, the distressed cotton raisers, and the alarmed owners of stocks and bonds.

**The Patman Bill
and Its
Supporters**

SURELY NOBODY ought to blame too harshly the bonus seekers who were taking advantage of slack employment to make an excursion to the capital of their country. They were not Reds or rioters, although many of them as former khaki-wearers had not incurred risks of life and limb in Europe's war. How could they be expected to be more con-



SPEAKER GARNER AND HIS SPOKESMAN AT CHICAGO

The name and qualifications of John N. Garner, of Texas, will be presented to the Democratic convention by the junior Senator from the Lone Star State, Hon. Tom Connally.

servative about paper money inflation than were the professors of political economy who were listed by Mr. Patman as supporters of his bill? To many educated minds the Patman bill seemed plausible as a possible remedy for the crushing evils resulting from agricultural prices far below the cost of production. But the massing of thousands upon thousands of men in Washington, as lobbyists for a particular bill, creates a thoroughly bad precedent. The cure, of course, could lie only in the prompt disposal of the bill or the hurried adjournment of Congress. This open and frank march of the veterans to the support of Patman's bill was a harmless picnic when compared with a certain permanent lobby that checks every Congressman's vote upon every measure, and that was the chief influence behind Mr. Garner's outrageous "pork barrel" bill. Our forefathers did well when they provided the President with the veto power. Every member of the House of Representatives knew that the Patman bill could not become a law since a majority of the Senate was against it. But on June 15, with the bonus marchers in Washington aggregating more than 21,000, the bill was passed in the House by a vote of 209 to 176. Fifty-six Republicans voted affirmatively with 152 Democrats. Fifty Democrats joined 126 Republicans in voting against the measure. The Senate thereupon promptly rejected the bill.

**Good Measures
and Public
Opinion**

IN TIMES LIKE THESE it is not enough to block bills of unwise character that purport to increase employment and raise the level of prices. There must be good measures and positive programs, if dangerous ones are to be side-tracked. In the main, the business world must rebuild its own structure of confidence and credit. But government can help in various ways, and the President has for many months past been supporting a program that has gradually been adopted in its main outlines. Bank failures have been checked, hoarding has been reduced, and through the Reconstruction Finance Corporation railroads have been aided in handling maturing loans. The President's plan of Home Mortgage Banks seemed fairly certain of acceptance by Congress before adjournment. Our government was willing to join in a conference, probably at London, on methods for improving commerce and prices. Over and above all the lobbies at Washington, and the petty behavior of local interests in threatening timid Congressmen, was the steady pressure of wholesome public opinion. This was killing off the worst measures, while bringing about the acceptance of better ones through the haggling and compromise that must be expected if we are to preserve the free play of our complicated but actually democratic and workable institutions.

**What Makes
"Racketeering"
Possible?**

THE WRONG KIND of law intended to prevent crime or to protect popular rights may result in providing the very opportunities that breed crime in new and dangerous forms. Laws intended to restrain or prevent monopolies may result in hampering legitimate business, while making possible those criminal activities that are now called "racketeering." A timely

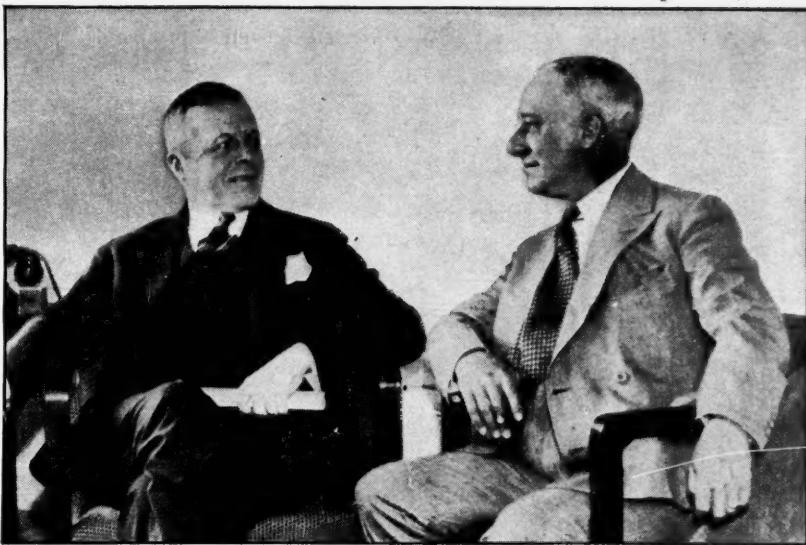
article on that subject is contributed to our present number by Mr. Burdette Lewis, a scholarly economist who has had wide experience in public positions as well as in private business. We can hardly hope for such a good thing as a prompt change in the anti-trust laws, and in the laws that are injuring the entire American people by permitting railroad property to be virtually confiscated. But when we have broken down the racketeering monopolies that have grown up under the prohibition system, we may succeed in exposing and abolishing many of the evils that have arisen under our well meant but disastrous efforts to enforce competition in business. Regulated co-operation is needed, whether in the oil industry or in a hundred other forms of business.

**Waking Up
to Public
Extravagance**

THE COUNTRY SHOWS signs of waking up to the need of reform in government costs and methods, local as well as national. Counties, cities and local governments are supported by real estate taxes that are ruinous. Capable farmers, without leaving their own acreage, could in many cases fill county offices as an extra service for two or three hundred dollars a year. Doubtless some of them in present emergencies would serve for a dollar a year, even as the ablest men in the United States served the government at Washington during the war period. Many municipalities and counties are defaulting on their bonds. If they could shake off the politicians and parasites who are drawing salaries, they could reduce the cost of local government easily by 50 per cent., and in some places by 75 per cent. The time has come for a clean hard fight in state and local as well as national politics for honesty and economy. It is, perhaps, true that never in the history of the United States have we had a Congress so shamefully disposed to waste the public resources as the present House. We have four full months between the Fourth of July and Election Day. Why elect unfit men to Congress, when there are good men available in every Congressional district and in both political parties?

**Plans for
Long-time
Stability**

WE ARE PUBLISHING this month the first of a series of articles relating to some aspects of corporation management. Mr. McDonald, the author of these articles, is an engineer who is also an economist and a man of practical experience in business. His views are his own, but are mature and highly important, and are supported by influential expert bodies. Business corporations exist by virtue of the laws that charter them and to some extent regulate them. Mr. McDonald proposes to demonstrate the need of accepted plans under which such corporations in pros-



GOVERNOR ELY OF MASSACHUSETTS WITH ALFRED E. SMITH
The Massachusetts Governor was chosen to place the name of the 1928 standard bearer before this year's Democratic National Convention.

perous times should make provision, by means of reserve funds, for slack periods. These plans could be embodied in the laws that charter or regulate business corporations. The best managed companies, however, would not have to act under compulsion of laws. We have long held in this periodical that dividend reserves should be established voluntarily, and that corporations by reason of such reserves ought to be able to give long notice—probably a full year—of proposed changes in dividend rates. When the emergencies that require budget balancing and governmental action are fairly met, we shall have to consider the reform of corporation methods. There will be some definite principles to consider. Perhaps one of the most important will be to detach corporation management from too close relationship with speculation on the stock exchange.

**What will
Happen in
Business?**

IT HAS BEEN the opinion of many thoughtful people that the stock market should have been closed a number of weeks ago, not to be re-opened before December. There has also been wide-spread conviction that there should have been postponement of tax-sales and mortgage foreclosures, and a general moratorium as regards bank loans and similar obligations. With a few months respite, credit activities by the Reconstruction Finance Corporation and by the large banks might have a better chance to restore business confidence. It is now seen clearly that excess and abuses of speculation have injured the good name of many fine business enterprises. In any case, with Congress adjourned, there is reason to believe that the country will slowly work its way along the path of recovery. The Lausanne Conference, which began its sessions on June 16, was likely to concede further postponement of German payments, without having the capacity to make any final adjustments. The collapse of prices is itself the concrete expression of the world's ominous danger.

HISTORY IN THE MAKING

From May 13
to June 13

Taxation and Economy

Course of the tax bill . . .
The Senate acts to effect
governmental economies.

DEBATE on the Revenue bill is begun in the Senate (May 13). As reported from its Finance Committee—which revised the House bill thoroughly—it carries provisions for \$1,009,500,000 in new or increased taxes.

By vote of 61 to 24, the Senate rejects (May 18) the Tydings amendment to legalize 2.75 per cent. beer as a basis for new taxes. Immediately after discarding this proposal, estimated as a source of \$500,000,000 in revenue, taxes are voted on ingredients for home-made wine and beer.

IMPORT tariffs on coal and oil are voted into the Tax bill (May 20). Three days later, lumber and copper are also subjected to import duties.

FOLLOWING the suggestion of its Finance Committee, the Senate accepts (May 26) excise taxes on cosmetics, jewelry, candy, soft drinks, and tires.

WORRIED by the fact that in its two weeks of consideration of the Tax bill the Senate has failed to balance the budget, in spite of heavy pressure to finish the task promptly, President Hoover confers (May 29) with Senate leaders regarding the advisability of attempting to secure Senatorial approval of a general sales tax.

THE REVENUE bill is passed (June 1) by the Senate after a session lasting twelve hours. Action follows President Hoover's surprise visit (May 31), when he spoke from the Senate rostrum on the necessity for prompt action. The bill, designed to raise \$1,115,000,000, relies upon increased income, excise, and import taxes as its main revenue producing sources. These are augmented by stamp and miscellaneous taxes on a variety of items including telephone tolls, admissions, and property transfers. A unique feature of the bill (which goes to a Conference Committee for reconciliation with the House bill of April 1) is the Glenn amendment putting a 100 per cent. tax on incomes earned through violations of state and federal laws.

SAVINGS of \$238,000,000 are suggested in the Economy bill reported to the Senate (June 1) by the Appropriations Committee. More than half of this amount would result from a 10 per cent. reduction in the pay of all federal employees except those actively engaged



BONUS-SEEKING veterans asking support of a Congressman on the steps of the Capitol

in the army, navy, or marine corps. As originally submitted (May 3) by the House, the bill provided for savings of only \$40,000,000.

The tax bill becomes law (June 6) when the President signs it as passed by the House (June 4) and Senate (June 6). (For analysis of the bill, see page 56.)

PRESIDENT HOOVER's "staggered furlough" plan for federal salary reductions is accepted by the Senate in the Economy bill as adopted (June 8), largely accounting for savings \$100,000,000 in excess of those in the House bill passed on May 3. The Senate measure is estimated to effect savings of \$140,000,000.

Reconstruction and Relief

Credit expansion . . . The Hoover demand and plan . . . Bonus march on Washington.

To help banks put at work the \$7,000,000,000 of new credit released by the expansion program of the Treasury and the Federal Reserve System, George L. Harrison, Governor of the New York Federal Reserve Bank, announces formation (May 20) of a committee of bankers and industrialists. The committee is composed of six bankers: Mortimer N. Buckner, Charles E. Mitchell, William C. Potter, Jackson E. Reynolds, A. A. Tilney, and Albert H. Wiggin; and six industrial leaders: Owen D. Young, Floyd L. Carlisle, Walter S. Gifford, Alfred P. Sloan, Jr., Walter C. Teagle, and Clarence M. Woolley.

PRESIDENT HOOVER, in an open letter to the American Society of Civil Engineers (May 22), outlines a twelve-point program for insuring and hastening American economic recovery. He first re-

iterates his demand for a promptly balanced budget, achieved through drastic decrease in expenditures and minimum increase in taxes. Other points call for extension of the authority of the Reconstruction Finance Corporation so that it can make private loans; continued effort on the part of all relief agencies to help the distressed; rehabilitation of agriculture; further credit expansion by the Federal Reserve Banks; and continued public works construction not requiring a bond issue or increased taxes.

DESIGNED to protect depositors in banks of the Federal Reserve System, the Steagall bank bill is passed (May 27) by the House. It would establish a guarantee fund of \$400,000,000 from which a committee, headed by the Secretary of the Treasury, could withdraw money to repay depositors of insolvent banks. The fund would be composed of \$150,000,000 recaptured from the Treasury's receipts for franchise taxes from the Reserve Board; an additional assessment of \$150,000,000 against Reserve Banks; and \$100,000,000 from member banks. The bill provides that any State Bank in good condition may become a participating member of the fund.

ATTENTION is focused on proposals for unemployment relief by President Hoover's statement (May 28) that the relief plan proposed by Speaker Garner (May 27) is the "most gigantic pork barrel ever proposed to the American Congress". The Garner plan, calling for an expenditure of \$2,100,000,000, provides a \$1,000,000,000 fund for public works which its critics call "non-productive". The President is known to favor a plan which would appropriate \$300,000,000 for loans to states for

Continued on page 57

Cartoon Sidelights



By Fitzpatrick, in the St. Louis Post-Dispatch
WANTED: A HERCULES



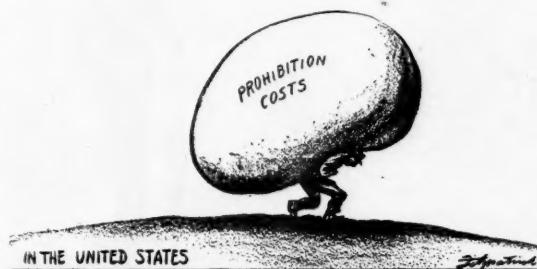
By Chase, in the New Orleans Item
THE CHEER LEADER



By Hanny, in the Philadelphia Inquirer ©
HARD TO CONVINCE



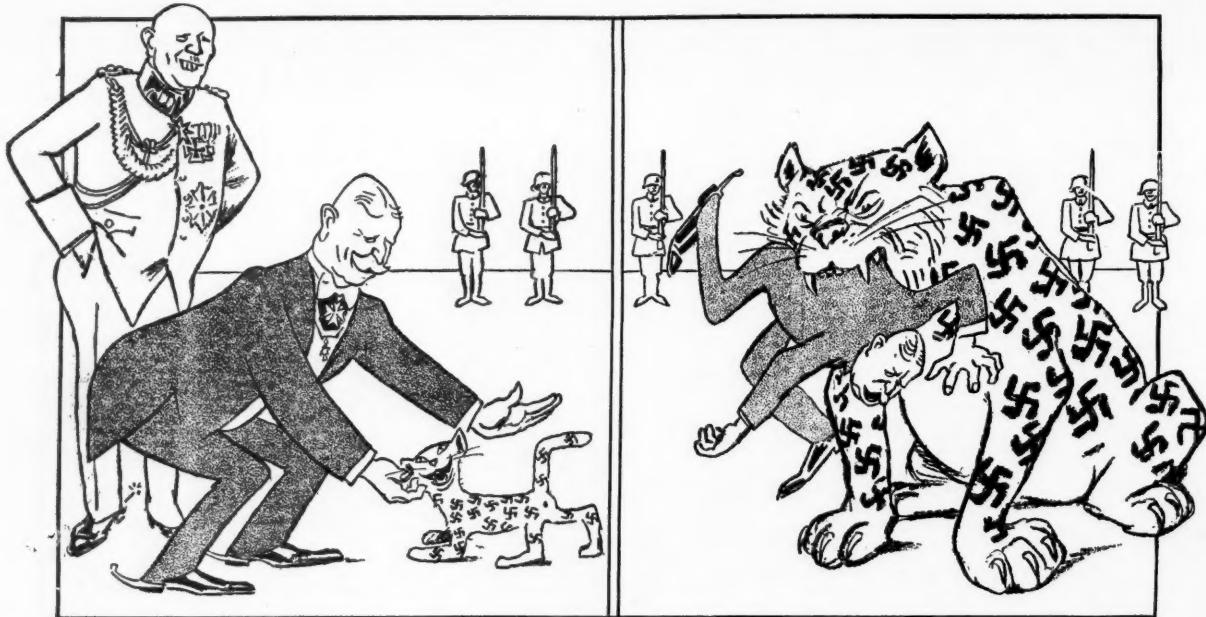
By Sykes, in the New York Evening Post
MORE CO-OPERATION?



UNDER AND OVER



By Fitzpatrick, in the St. Louis Post-Dispatch

From *Ulk* (Berlin)

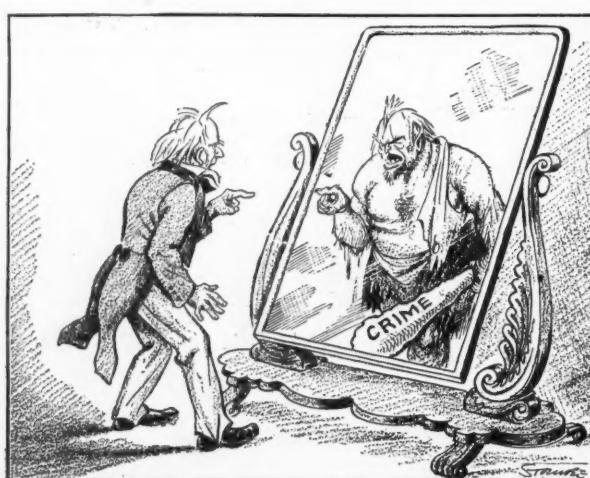
FROM LITTLE "KITLER" TO GIANT "SWASTIKAT"

The liberal Defense Minister Groener cherishes the Hitler kitten. It grows into a mighty Hitler tom-cat which overthrows him. His uniformed companion, shown here, is General Kurt von Schleicher—Groener's successor as Defense Minister and now virtual dictator in the new Von Papen "Junker" cabinet.



WATCHFUL WAITING

The Japanese Samurai and the American Cowboy eye one another suspiciously across the still pacific waters of the Unfathomable Pacific Ocean.

From *L'Oeuvre* (Paris)From the *Daily Express* (London)

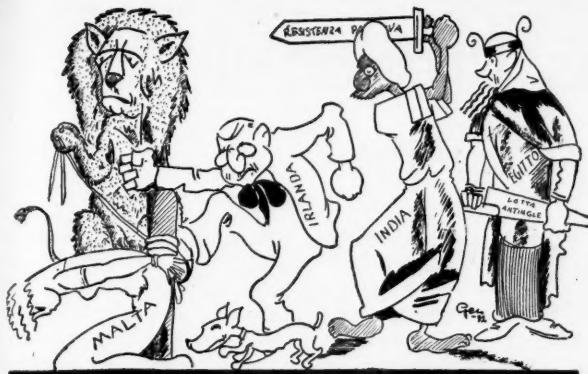
AS OTHERS SEE US?

Uncle Sam gazes into the mirror and views an unpleasant sight, according to this sarcastic Tory cartoonist.

From the *Sunday Mail* (Glasgow, Scotland)

THE IRISH CHAPERONE

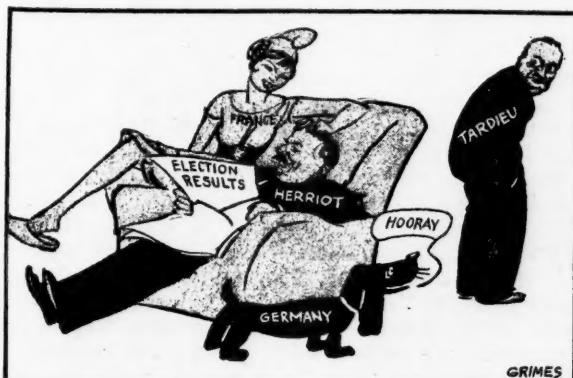
President De Valera disapproves of mixed bathing as practised in the "over-crowded" British Commonwealth.



From *Il 420* (Florence, Italy)
THE BRITISH Lion is at odds with Ireland, India, Egypt, and Malta, to his perplexity.



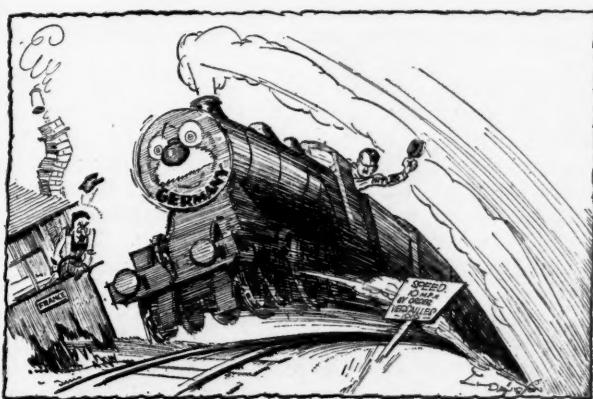
From *Kladderadatsch* (Berlin)
HOLLAND, Turkey, Sweden, Russia, and Uncle Sam rejoice that militant France is not their neighbor.



From the *Star* (London)
FRANCE turns from M. Tardieu to M. Herriot.



From *Simplicissimus* (Munich, Germany)
EARLY TEUTONS: "We mustn't sack Rome. In sixteen centuries Hitler and Mussolini will be pals."



From the *Evening Times* (Glasgow, Scotland)
HITLER speeds up Germany, and France shudders.



From the *Record* (Glasgow, Scotland)
BRITISH INDUSTRY is hopefully wheeled to the Imperial Conference at Ottawa, held this July.

Mr. Hoover as President

By ALBERT SHAW

▼ ELECTED four years ago by the largest vote ever accorded a presidential candidate, Herbert Hoover is now offered by his party for a second term. What is his record of achievement?

HERE ARE PEOPLE who will always avoid the painful process of thinking. There are others who start with prejudices or ready-made views, and who think argumentatively. This article is written for those who really care to understand things, and are willing to be fair-minded even in the face of a Presidential Election. Herbert Hoover has been prominent for a long time, and thoughtful citizens in this year's campaign will consider him solely from the standpoint of his record in the presidential office. But no one can pronounce useful verdicts upon the official career of any American President who does not first understand our system of government. For that reason we begin by reminding our readers of certain fundamental facts and conditions.

In politics the ordinary citizen must always rely upon personal leadership. Democracy does not formulate plans and policies, although it may at times surge passionately along certain channels of prejudice or conviction. Under earlier forms of government there was absolute rule, hereditary or otherwise, tempered in one way or another according to circumstances. The forefathers who created our federal republic, having already given constitutional form to the government of their individual states, endeavored to protect us from two contrasting kinds of danger. First of all, they did not propose that we should ever be subject to the tyranny of kings or dictators. On the other hand, they feared the unbroken sweep of mob violence with demagogues inciting the rabble; and they invented safeguards against swift popular decisions.

Thus they created a government based upon the will of the people, but so planned as to make the expression of that will as deliberate as possible. They lodged executive authority in the hands of a President, and to him they gave the initiative in foreign relations and emergency powers in war time. He was to be secure in office for a term of four years. They created a Congress on the two-chamber plan that was familiar in the states, and that was partly modeled upon British experience.

This two-chamber system provided a means of compromise between the larger and the smaller states. The small states were to have equal representation in the Senate, while the House of Representatives—the entire body to be reelected every two years—was to be apportioned among the states in the ratio of their population as ascertained every ten years.

Treaties were to be submitted to the Senate for approval before they could have validity, and the President's appointments were also to be confirmed by the Senate. Measures of taxation and finance were to be initiated by the House of Representatives, but all legislation had to be finally agreed upon by the two cham-

bers, and then submitted to the President for his approval. If he thought it his duty to disapprove (or to exercise the "veto" power, in common parlance), his disapproval would seal the fate of the measure, unless Congress should override the veto by a two-thirds majority in each chamber.

The makers of our Constitution chose to set up the executive and legislative branches of government as independent of each other. They were to be deemed coördinate, neither being subject to the other, or inferior to it. This was an original experiment, when it was adopted 145 years ago. In Great Britain, the executive is completely at the mercy of a majority in the House of Commons. The House of Lords cannot intervene, and the King can but acquiesce. In France, the President is a ceremonial officer with no executive functions. The Premier and Cabinet, carrying on the administrative and financial work of an executive government, come and go as they gain or lose the approval of a legislative majority. Under the new German constitution, the Chancellor and his Cabinet form the executive group, but certain temporary emergency powers are vested in the President, as was illustrated the other day when President Hindenburg swept Chancellor Bruening out of power, pending the election of a new Reichstag in July.

In certain other countries, Italy furnishing the most striking example, the Executive has assumed dictatorial powers, and has forced the law-making body to accept without dispute whatever may be submitted for its approval. The extent to which this type of dictatorial leadership has spread in Europe and elsewhere is summarized in an article on Fascism appearing elsewhere in this number.

Should Our Presidents Have More Power?

TO AN IMPATIENT reader, these remarks might seem a far-fetched introduction to some pages of comment upon President Hoover and his Administration, at the moment when the Republican party has presented him to the country as its candidate for a second term. Yet thoughtful and reasonable people must admit that in these times, when the business of carrying on government in great countries involves relationships far beyond national boundaries, the efforts and achievements of a high executive official cannot be fairly judged apart from the limitations under which he is obliged to do his work.

We are living in an era of world upheaval. The war and the situations that confronted President Wilson's second term called for activities on a colossal scale; but every phase of the situation was met without painful shock or paralyzing hesitation. President Wilson was supported by the nation and by Congress in the exercise of emergency authority. There was no suggestion of a ruthless dictatorship. Mr. Wilson was no swashbuckler. He did not assume the pose of a military hero. He made



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Herbert Hoover

Newton D. Baker Secretary of War—an idealist and a devoted lover of peace, after his own heart. He called upon business men of various capacities to direct particular undertakings. Railroad men helped to operate a unified governmental railroad system. If the war had lasted another year, the military and naval power which we developed would have surpassed anything comparable with it in the history of the world.

Such reference to the Wilson period might seem to the hurried reader to be still another tedious antechamber through which to approach the structure erected during the past three years and four months which we call the Hoover Administration. But again we must insist that this reminder is necessary if we are to see the present situation in its realities and its contrasts.

In Mr. Owen Young's remarkable address, which we are privileged to present to our readers this month, young citizens are asked to look at our economic collapse as an inseparable part of a world catastrophe that is likened to what in the Swiss Alps is termed an "avalanche blast." Mr. Hoover was conspicuous, and Mr. Young was active and useful, in the historic emergencies that required united effort during and after the second term of President Wilson. The fact that one of these men is called a Democrat and the other a Republican has nothing at all to do with their intelligent devotion to the public good. The object of parties—in so far as that object is worthy and patriotic—is to place the most capable and desirable leaders where they can best serve the common interest. In the address to which we are making reference, Mr. Young suggests that we might well change the Constitution to the extent of conferring exceptional powers upon the President for these times of crisis. The existing conditions are more difficult to deal with than was the shifting from a peace footing to a war footing in the administrations of Abraham Lincoln and Woodrow Wilson.

Mr. Hoover's Personal Leadership

No PRESIDENT has ever more scrupulously obeyed the spirit as well as the letter of the Constitution than Herbert Hoover. He has endeavored to work with Congress, regardless of party, for the country's welfare. He has not belittled Congress. On the contrary, he has somehow made people feel that it is better worth while for men of ability and character to find places in either house of Congress, now and henceforth, than at any previous time for a generation. Far from tearing down the dignity and authority of a co-equal branch of government, he has endeavored to recognize and build up its morale, for harmonious action, to vindicate our capacity to govern ourselves.

The State Department under President Hoover has co-operated loyally with the Senate in the treatment of foreign affairs. Through the Treasury Department, and in his own personal conferences, Mr. Hoover has met Congress more than half-way in the framing of measures to balance the budget by levying taxes, reducing expenditures, and rearranging bureaus and departments. He has conferred, with courtesy and deference, upon many difficult and technical problems. These are related to banks, to currency and credit, to the emergency aspects of employment, to commodity deflation, to agriculture, to industry, to transportation, to mortgaged homes. The frankness of Secretary Mills before Congress committees should be taken as a compliment on the part of the Executive to the intelligence

and the patriotism of Congress. In like spirit, every other Department has ignored politics and worked with Congress committees.

In the issues of this periodical for the months that followed Mr. Hoover's election in 1928, the Editor declared repeatedly that the Hoover term would necessitate the assumption by the President of personal leadership to focus public opinion and to guide the work of Congress, without disturbing in any way the balance of constitutional authority. There are ninety-six Senators, and four hundred and thirty-five members of the House. With many conscientious and experienced men in each chamber, it is proper to say that there are no men who loom above their fellows and dominate their decisions. Mr. Longworth was an excellent Speaker of the House, and Mr. Garner is a man of long parliamentary experience. But neither party in the House has had a "czar," or a dominating leader, in recent years.

In the Senate, the men whose names appear most frequently on the front page have gained notoriety through the mistaken connivance of the newspapers; but they are without capacity for leadership. As statesmen they are feeble imitations. Steady-going members of both parties, in the Senate as in the House, are capable of working together in times of emergency, in substantial accord with the President and the Cabinet. But in this Hoover period, initiative and personal leadership have had to come from the White House. Otherwise, we would have had no managerial service whatsoever, and would have drifted to untold disaster.

These comments are written from no partisan standpoint. They interpret current affairs in the impartial spirit of history. At least they express the sincere opinion of one who has known all the Presidents for fifty years, and has studied continuously and at close range the processes of law-making and executive business at Washington. The experienced political journalist, like other citizens, usually votes with his own party. But his prejudices tend to disappear, and he learns to appreciate men of courage and worth.

Mr. Hoover was called to important public service under President Wilson, and he was a member of the Cabinets of Presidents Harding and Coolidge. General Wood and Governor Lowden were the leading candidates in 1920, but a deadlocked convention compromised and named Senator Harding. If Mr. Lowden or General Wood had been chosen, it is wholly probable that Mr. Hoover would have entered the Cabinet. President Coolidge's nomination in 1924 was unopposed, and Mr. Hoover remained in the Cabinet. Mr. Hoover's public work for fourteen years had made his name familiar and popular. He was nominated for President with little opposition in 1928.

New York's outspoken and successful Governor, Alfred E. Smith, won the Democratic nomination on the first ballot. The South was not ready to give up prohibition, and Al Smith was the foremost opponent of the Eighteenth Amendment. In 1932 the country shows willingness to reconsider the Eighteenth Amendment, in order to recover the right to deal with the liquor question upon the basis of existing facts and conditions. It is fair to assume that if Al Smith had been elected in 1928, he would have realized fully the obligations of the Executive. He would have had to enforce prohibition to the best of his ability, under his oath of office. He would have learned to leave the prohibition issue to public opinion, expressing itself in state and national conventions and in the contests for seats in Congress. We are ready to believe that he would have made a good President, and would have been renominated.

In several recent speeches of remarkable breadth of view and of commendable fairness, Governor Smith has upheld President Hoover's program for financial and business recovery. He has shown his disapproval of blocs and insurrections at Washington, and has supported joint endeavors on the part of Republican and Democratic leaders to balance the budget and reduce expenditures. As for reforming the structure of bureaus and departments, Mr. Smith has strongly advocated the view that authority to act should be conferred upon the President.

Prohibition at the White House Door

AS REGARDS PROHIBITION, it has been impossible to move with precipitation. At the very outset Mr. Hoover had announced his purpose to proceed constructively. He proposed to secure a thorough study and report upon law enforcement, with particular reference to national prohibition. The work of the Wickersham Commission was of historic significance. A group of remarkable personages, public spirited and competent, made protracted inquiries, and their report marked the turning point. Nervous and impatient people have found fault with Mr. Hoover, as if he could have repealed the Volstead Act and erased the Eighteenth Amendment from the Constitution. He has endeavored to the utmost to maintain the authority and the dignity of our laws, as long as they were on the statute books. This was his responsibility. It belonged to the rest of us, rather than to the President, to bring about needful changes in the laws.

Meanwhile, Mr. Hoover secured the transfer of the prohibition enforcement unit from the Treasury Department to the Department of Justice. This was an important step, and the country has gained valuable experience in consequence of it. The Wickersham report, taken as a whole and including the separate opinions of the members of the Commission, strongly supported the view that the Eighteenth Amendment could be changed or repealed with advantage to the country.

Mr. Hoover had refused to be stampeded into vain and useless ejaculations about the efficiency or the permanence of national prohibition as embodied in the Volstead Act. He has been serenely aware that nothing could be done to change the situation until public opinion in the two parties found expression in the platforms of 1932, with presidential and congressional elections following in November. It is fair to assume that every decent and intelligent person is alarmed by reason of the growth and power of liquor racketeering and bootlegging, and the prevalence of speakeasies as supported for blackmailing purposes by the politicians who rule cities like New York.

But President Hoover has known that public opinion must move along fundamental lines and that the law must be upheld as well as possible with the means provided by Congress for its enforcement, until the American public—which established this prohibition system—was ready to admit mistakes and enter upon the process of rewriting the laws to meet squarely the contemporary facts. President Hoover has not opposed the Wets in their demand for a better system. He has merely recognized the fact that their appeal must be to public opinion and to the voters who elect Congressmen. It seems to us that his position has been consistent, and that he has shown a correct sense of the time

factor, in the constitutional and legal treatment of a question of this kind.

This article is not a biography or a character sketch; neither does it purport to be a chronicle of political history and governmental action since 1928. It attempts merely to give some estimate of attitudes and methods, as Mr. Hoover upholds the best traditions of a high office that has been supported with remarkable consistency by thirty-one Presidents since its duties were first assumed by George Washington in 1789.

Mr. Hoover's lifelong experiences have been such as to give him a wider knowledge of continents and countries than any former President has possessed, or any other contemporary statesman, for that matter. No American leader has more wisely pursued the path of friendship and understanding among nations. Following his election, he spent a number of weeks in visiting the capitals of Latin America, in order to promote co-operation and strengthen the bonds of Pan-American friendship. Mr. Bennett, the Prime Minister of Canada, gave strong expression, early last month, to the good will that exists today between the governments of our two neighboring North American countries. Conferences in Europe relating to disarmament have not had transforming results; but they have been useful in their measure, and the influence of the Hoover administration has been intelligent and helpful. As regards the problems of the Far East, Mr. Hoover and our State Department have been patient and conciliatory. Under the President's guidance we have maintained good relations with the governments of all countries, great and small.

An Exhibition of Patience and Good Temper

THE INITIATIVE ASSUMED by President Hoover last year in postponing for twelve months reparation payments by Germany and debt payments by European governments to the United States, had a profound effect. Europe's financial situation was so critical that there was not time to assemble Congress in extra session. Using telephone and telegraph, the President secured pledges from a great majority of members of both houses that the proposed moratorium would be upheld and legalized. When Congress met in December the promise was duly kept.

Great Britain has met recent emergencies by setting up a coalition cabinet upon which has been conferred something like dictatorial authority. A tax measure to balance the British budget, framed by this cabinet, was accepted immediately and without change by a submissive House of Commons. Facing hard necessity, Great Britain went off the gold standard by decision of this same cabinet, without a moment's parliamentary delay. Abandoning the historic free-trade policy upon which British industrial and commercial supremacy had been attained in the nineteenth century, protective tariffs were devised and set in operation by executive mandate a few weeks ago, without a day's obstructive controversy, although strong minorities remained wholly unconvinced.

But under our system of government, Mr. Hoover and his official advisers could not handle great measures of this kind after the pattern set by Messrs. MacDonald, Baldwin, and their group. It became our startling task to meet the greatest deficit ever known in times of peace, by increasing taxes and reducing expenses. It was also our business to show that we could maintain

the gold standard in spite of foreign influences working against us. It was our business in a perilous crisis to protect our banks, our industries and our railroads from insolvency with consequent ruin to the property interests of millions of citizens, and with menace of vast increase in unemployment.

When the dust of discord at Washington blows away, it will be seen plainly enough that President Hoover's unique triumph consists in the fact that—by sheer patience, industry, good-tempered persuasion, bold truth-telling, astonishing personal resources of constructive statesmanship in economic affairs, and readiness to accept any compromise that was not disastrous in its character—he has accomplished the principal points of his program without dictatorial authority. Congress still functions freely, and the Constitution survives.

Watching the Nation's Pocketbook

THANKS TO MR. HOOVER's leadership, our two political parties remain intact and well-balanced. It is true Congress took six months to make the tax law, and Europe thought we would never balance the budget. President Hoover had an anxious night, prepared a speech at daybreak, delivered it to the Senate at noon, and that self-sufficient body passed its tax bill by midnight. The House had taken previous action. The joint Conference Committee wasted no time. The Conference report was approved by both Houses in the fewest possible hours. The measure was signed by Speaker Garner and Vice-President Curtis, was sent to the White House, and was signed at once by Mr. Hoover. It carries many burdensome and vexatious imposts, and it is far from perfect. But it has been accepted with perfect good temper by the American public, as its exactions take immediate effect. The President had appeared before the Senate on Tuesday, May 31, and the stupendous bill was actually on the statute books seven days later.

It was a harrowing ordeal to win this budgetary conclusion. But as we stand today, ours is the only important government in the world that rests firmly upon its normal constitutional basis, and shows itself able to act responsibly in the end, in spite of reckless blocs, sour insurgents, menacing lobbies, and ignorant vendors of nostrums. (France indeed might be excepted today, but we should remember that Poincaré was given dictatorial power to stabilize the franc in 1926, and if the gold standard were in danger it is certain that a like step would be taken at once.)

No government has discovered a better device for the protection of credit, in this period of extreme depression, than our Reconstruction Finance Corporation. Mr. Hoover takes the lead in a matter of this kind, but only after ample consultation. He has welcomed and obtained the advice of the ablest men in the country regardless of party, both in Congress and in private life.

To secure necessary cuts in public expenditure is always harder than to impose new burdens of taxation. A dictator could have made the desired reductions overnight. The law-making body could not do it without weeks of torment and anguish. The hidden forces of resistance are almost unshakable. But it was best for the country to have it come by this agonizing process, while the President stood over the groaning body politic like a competent surgeon who knows that things must turn favorably after much discomfort from "intestinal gas pains."

Fortunately, there is one emergency power granted

to the President that does not survive in the British and French systems. Our Presidents have the veto power, and it has never grown rusty from disuse. Two measures of extremely dangerous character were pending at Washington last month. Thanks to the veto power, the country felt little fear of either. One of them was the Garner bill, which listed many hundreds of villages, towns and smaller cities in every state and in every Congressional district, and proposed to supply each one of them with a costly post-office building. These were to be paid for by a large issue of government bonds. A very few of these buildings might be serviceable. But not one of them should ever be built with money obtained by increasing the bonded indebtedness of the United States. Such improvements throughout our national history have been made from current revenue.

Some parts of the Garner Bill were well enough in principle, but these were not properly framed. The bill was forced through a Democratic caucus, and carried in the House under terms of a gag rule that forbade amendments, and allowed only four hours for debate. A few weak-kneed Republican Congressmen, perhaps fearing the labor lobby and the selfishness of localities "back home," voted for the bill on June 7. President Hoover had denounced it as the most outrageous instance of a so-called "pork barrel" measure ever introduced in all our congressional history. Secretary Mills showed clearly that the proposed bonds could not be marketed at this time without disastrous consequences to business.

It pretended to be a measure for increasing employment, but its effect would have been to increase the numbers of unemployed in normal pursuits. So bad a bill was not likely to be accepted by the Senate, although there were other measures pending in that body that proposed ill-considered bond issues. The President's strong stand, supported by the best financial judgment of the country, made it certain that the Garner bill could not become a law, over the inevitable veto that awaited it. It was the President's indignant denunciation of the "pork barrel" that aroused the country, and gave courage to the Republican side of the House.

It is fair to assume that Mr. Patman of Texas fully believed in both of the leading features of his Bonus bill. He would provide for men who served in the Great War (and held adjustment compensation certificates) a round sum of about \$2,400,000,000. He would find the means of payment by printing paper money to this full amount, to be distributed at once. He had convinced himself that this addition to the volume of paper currency would enter into circulation in such a way as to inflate commodity prices, and thus make it easier for everybody to pay debts and taxes. We do not impugn his sincerity. The bonus certificates are due on their face in 1945. As Mr. Patman saw it, there was nothing sinister in any aspect of his proposals. If his reasoning from cause to effect were sound, his bill might be commendable. But the best authorities—equally desirous that commodity prices should increase—were certain that the Patman currency proposal would shake our financial structure if adopted.

Here again the alarm lest there might be precipitate resort to such an expedient was minimized by the certainty that President Hoover would refuse to approve. It is quite true that Congress passed the existing bonus legislation by majorities that were sufficient to override a veto. But under present conditions the President's disapproval of the Patman bill would be sustained.

Mr. Hoover, however, has been fully aware that if better proposals had not been available as alternatives, there might have arisen an irresistible demand for bond issues on the Garner plan or the Wagner plan, or even for paper money inflation on the Patman plan. Accepting the meritorious parts of various pending proposals—examining facts and conditions while discarding mere theories—President Hoover's habit is to evolve some workable program. Early in the second week of June came the revised formulation of his earlier suggestions for relief of unemployment, and improvement of normal business.

The resources of the Reconstruction Finance Corporation were to be increased to three billion dollars, with authority to make loans to stimulate beneficial projects that would be able in due time to repay the amounts borrowed. It was further proposed to make loans for the aid of agriculture; and loans could be made directly to States for relief purposes, under specified conditions. A system of Home Loan Banks, to aid building and loan associations and to protect home-owners against foreclosures, was likely to be approved by Congress. Plans of the Federal Reserve System, in which Mr. Owen D. Young has taken the leading part, were expected to speed the use of additional credit for the revival of business. Finally, the President's program called for the strictest economy in government expenditures.

Our Best Informed Man About Public Affairs

WITH HIS TRAINING as an engineer, and his long experience in constructive enterprises, Mr. Hoover abhors nothing more than a sloppy handling of public undertakings by pap-fed politicians and mere place-holders. No President ever made more diligent search for capable men to fill vacancies in government service than has the present incumbent. He has drafted men for bureau chiefs, for the Farm Board, the Tariff Board, or other services more or less permanent, and has persuaded them to make personal sacrifices in order to bring efficiency into public business.

As we have already stated, Mr. Hoover's methods have strengthened rather than weakened the position of Congress as a coördinate branch, while upholding the proper sense of balance and coherence in our two-party system. But we must not forget for a moment that our Government is one of *three* rather than *two* coördinate branches. It has long been held as the most distinctive mark of the genius that presided over the Constitutional Convention of 1787 that the Supreme Court was swung into its orbit as final arbiter. Through all vicissitudes it has held its place in our interbalanced mechanism. It was never more relied upon than at the present time, and it was never in higher esteem. President Hoover's appointments for the federal judiciary have been free from political bias, and have shown such wisdom and discernment as deserve approval. We live in a period of transition and change; and we need in our highest courts of justice men of vision as well as of learning and probity. A Senate controlled by a coalition usually opposed to Mr. Hoover and his administration has been compelled by public opinion in most instances to confirm Mr. Hoover's admirable appointments for the federal bench.

No President from George Washington to Herbert Hoover has escaped criticism and personal disparagement. In earlier times political newspapers took the lead in mud-slinging and misrepresentation. But for many years past the newspapers have been almost wholly free from personal attacks upon the Presidents. Nowadays, such attacks emanate from individual demagogues, from "sore heads," or from private citizens who are ignorant and prejudiced. Mr. Coolidge for various reasons seemed to expose himself less; and he had not offer a tempting mark to the mud-slinger. But Grover Cleveland, William McKinley, Theodore Roosevelt, William Howard Taft, Woodrow Wilson, and Warren G. Harding, like Herbert Hoover, were criticized almost as severely as every one of their earlier predecessors had been.

Happily, Mr. Hoover, like all our past Presidents, is fully protected by the armor of good faith and devotion to public duty. Only those who have direct information, or whose perceptions are acute, can bring their imaginations to grasp the ceaseless pressure and the infinite variety of the public business that devolves upon our chief executive. Excepting only Theodore Roosevelt, no President within the memory of living men has shown such untiring physical strength, and such exhaustless mental energy as Mr. Hoover. He knows how to use the services of competent secretaries and helpers; but like Roosevelt and Wilson, he states his case in his own language. He thinks to conclusions, and he phrases the results like any experienced man of affairs, without concern for mere rhetoric. But he is not lacking in sentiment, and he can give fine expression to his feelings on occasion, though with brevity and restraint.

In conclusion we might recall certain notes and comments recently made by the present writer. For more than three years Mr. Hoover has moved along the path of public duty with unflagging industry, high purpose, and unfailing faith. He is in full vigor of body and mind, and always thinks of difficulties as things to be met and solved. He never has brain-storms, does not disturb his nerve centers by indulging in over-excitement, shows no petulance toward friends, no rancor toward enemies. His mind is constructive, like that of an engineer or architect, and analytical like that of a mathematician or research chemist. His imagination is bold, but under restraint as befits a man of experience. He is not reactionary, nor is he sceptical about innovations. He has no soaring visions at night that fade away when the sun shines.

Midway in his fifty-eighth year, he is robust of body and at the height of his intellectual powers. He has lived and worked in a blaze of publicity for almost twenty years. He was born in August, 1874, and was completing his fortieth year when the Great War in July, 1914, found him in Europe, ready and able to be of service. He had spent the previous twenty years as an engineer at home and abroad, with wide acquaintance of men, countries and affairs. His reputation was international, even before he entered the Harding Cabinet in March, 1921. He is today unquestionably the best-informed man about our own public affairs who could possibly be found throughout our forty-eight states. If he should be elected for another term his influence and prestige would be enhanced at home and abroad. A vote of confidence in November would lend added firmness to the quality of his leadership.

A character sketch of the Democratic nominee for President will be published next month, in accordance with this magazine's time-honored custom.

Perhaps the present generation has failed; but youth, with clear heads and sound hearts, if they will keep them so, can profit by its mistakes.

Youth, and the Avalanche

Address on receiving the degree of LL.D.
from Notre Dame University, June 5.

By OWEN D. YOUNG

WHEN YOU PUT thirty minutes of this important hour in my hands in trust, you impose on me the duty of administering the trust fund wisely. Under ordinary conditions, a commencement speaker searches for a subject in which young men just graduating might be interested. There is no such need today. Many subjects are thrust upon us. I must select one from the avalanche now in progress, or avoid it altogether. Speaking of an avalanche, when the slide is on one does not select some particular piece of rock for study, interesting though it be.

And so I do not believe that it would serve any useful purpose for me, on this occasion, to discuss in a separate and segregated way any one of the dozens of economic problems which are involved in the great movement that is taking place.

In the Alps, I am told, they have what is known as the avalanche blast, which is a wind storm caused by the rapidly moving masses down the mountain slope. We have a corresponding phenomenon in this country today. I hesitate, amidst the roar and confusion of the sliding mass, amidst the shrieks of the injured, to add one more voice to the blast which you have thus far only remotely felt in these quiet halls.

You are, however, keenly interested in the spectacle as a whole, and rightly so, for it will have a momentous and perhaps determining influence on your career. That is so no matter what field you enter. Whether it be the church or engineering, whether it be literature or business, whether it be fine arts or applied arts, it is all the same.

The most impressive thing about the spectacle is that everything goes down together. Just as rocks and ice and snow and soil act and interact to accentuate the velocity of the slide, so banks and railroads, churches and colleges, national governments and local administrations, great central banks and little frontier savings institutions, hospitals and schools, our own health and happiness, our good will and bad will, our patience and impatience, are all related to and have a common interest in our downward economic course.

In our endeavor to deal with one item we find it necessary to interest ourselves in the others. That is our principal difficulty right now. So when we find our banks in danger because they have invested in railroad bonds and these securities are depreciated because the business of the railroads is adversely affected, we discover all at once that the banking problem has become a railroad problem. When we examine our railroad problem we find that it depends on the rates determining its income and the wages measuring its expense. And so a banking problem becomes one of railroad rates and railroad labor. And when we go into the question of railroad rates, we find that industry and agriculture are affected. Their output may be marketable or not, depending quite as much on rates of transportation as on cost of production. So a banking problem becomes one of industry and agriculture.

And if the credit of industry and agriculture is weakened by diminished markets due to increased rates, the

very loans which the banks have made to them become impaired. And so the cycle is complete.

The very influences which we project in one direction for our salvation may quickly stab us in the back for our destruction. The cycle which I have described is a short one. It is a simple one. But however complicated or long a cycle may be, it moves under the same law. Broadly speaking, one piece of the avalanche can not be stopped unless all are stopped. No upward trend can take place unless all go up. No permanency of any trend can be guaranteed unless we have sound and fair balance between all the units in our economic body.

In my opinion, it was our unbalanced condition which caused our trouble. The living standards of our industrial population were lifted to a high level back of an impenetrable tariff wall. The living standards of our agricultural population, which was subjected to a world competition, could not normally be maintained at an equal level. The farmer naturally wanted to keep up with Lizzie by having the same things which his industrial neighbor had. So we alleviated the disparity and disguised our true situation temporarily by furnishing the farmer credit artificially through semi-governmental agencies. It was thought necessary to do this to keep him quiet politically.

Without tackling the problem at its root, we made it possible, temporarily, for the farmer to buy radios and automobiles, not through increased earnings but by mortgaging his future. That in turn speeded up industrial production, and increased the fervor of our extravagance and encouraged our speculation. But the day came when the farmer ultimately had to settle. Then he stopped buying, industrial production decreased, unemployment began, and we started the downward spiral which resulted in the avalanche now in progress. Industrial standards cannot be permanently restored unless we find a way to bring agricultural standards permanently to an approximate level.

A nation politically can not endure half slave and half free. A nation economically can not do so either. We are paying the penalty now. Nature is restoring the balance with an equalizing premium. Industrial workers are in want, but farmers still have a home and food, even though the house be mortgaged.

WHO CAN DEAL with this avalanche as a whole? Take the case of the banks and their railroad bonds. Bankers can not do so. The Federal Reserve Board can not do so, because it has no power over the railroads. The railway executives can not do so in the matter of rates, because they must have the action of the Interstate Commerce Commission.

They can not do so promptly in the matter of wages without the consent of the leaders of many unions. Even the President of the United States can not do so, because his powers are strictly limited. And so today our banking system is threatened not by conditions which could not be corrected, but by the fact that there is no centralized authority anywhere with power to act. The normal procedure of the several authorities would

create delay, even though they were all in agreement, which is too much to expect. And delay is as destructive as no action. I do not complain of this situation. I only call attention to it as the answer to the criticism that somebody should do something promptly. There is no such "somebody."

It is all natural enough. Our democratic government, for its own protection, has from the beginning insisted on sharply delegated powers, with adequate checks and balances, lest the sovereign yoke we enthusiastically and gallantly threw off in the Revolution reappear to destroy our political liberty. It is quite explainable, therefore, that a government of powers widely distributed into carefully segregated and insulated compartments should function under normal conditions and should fail us altogether when the avalanche comes on. It may be that we shall have to consider some method of putting extraordinary powers in the hands of the President in times like these.

Then, too, there is another difficulty which, although recognized before, has been emphasized by what has happened recently. We have made great progress in this country by the segregation of our production into highly specialized departments, where both men and machines function to produce cheaply and efficiently for our economic welfare. Even in our social organization we ask for specialized schools, specialized hospitals, specialized surgeons, physicians and nurses, in order that we may avoid the tragedy of unskilled hands. Naturally that has led to extreme specialization in our education. We put our students, particularly in the colleges, under highly specialized instructors, and as the process goes on each instructor occupies an increasingly narrow field.

I am using narrowness not as a term of reproach, but as the necessary concomitant of increasing specialization. This is just as inevitable as it is that the field of the microscope be diminished as the magnification of the object is increased. Is it not true that our colleges are more and more training our men to be experts, until in the language of the old definition they "know more and more about less and less"? Is it not worth considering whether there should be more courses in training for general overhead which will bring at least to a few, and probably those least fit for specialized work, the understanding necessary to see the field as a whole and to deal with these segregated, specialized activities as intersupporting units of a single body?

When the trouble comes we need someone with understanding and with power to marshall all our forces, to direct the course of the avalanche so that the least damage may be done, and to stop it if possible. We not only lack the machinery to give such men power, but we lack also men with adequate training and understanding to exercise it. How many of you young men are fitting yourselves to do that today? If you are not, who is to supply it if the colleges fail?

The insistent cry for leadership which is arising on all sides is the instinctive call of the masses for integrated responsibility and power in this highly specialized world.

LET US LEAVE the avalanche and its turmoil. After all, there is something more than rocks and stones, and soil and water, and the law of gravity operating in our avalanche. There are human beings with their loves and hates, their trusts and suspicions, their high ambitions and broken hopes. And it matters little to the rocks and soil whether they lie at one altitude or another, for to them there is ample time. Their life is long. But with these people it is different. At best they have an allotted time of three-score years. Nearly half must be used to develop their powers to the point of effective action. Then perhaps

only fifteen or twenty years remain in which to succeed or fail. So to them the time factor in the avalanche is important. The time that it is going on, the time that it takes to clean it up.

On the train yesterday two gentlemen were taking their daily dozen of observational exercises on the state of the nation. I speak in no disparaging way of these discussions. They are one of the most encouraging signs in these depressed times. True, many of these interchanges merely amount to destructive criticism of men or institutions which, interacting on each other, increase in heat until they vaporize into thin air.

One of the things my friends on the train said was how hopeless the boys must be who are graduating from college this year. May I say at once, with full realization of all the problems which you will have to face tomorrow, I do not share that view. You will not be discouraged at the start. Your spirit will not be broken because you enter the game at a critical time. You will look on these difficulties as a challenge and you will discipline yourselves to meet them. That discipline comes too late for my generation. We shall suffer from it but we shall not survive to profit by it. It comes in time for you. So I shall not tell you what a dismal place the world is, or condole with you because of the difficulties which you will face.

AS A MATTER OF FACT, if you can survive the initial shock you will have before you the most favoring circumstances for service presented to young men of any time. As you go out you will find everywhere a profound sense of failure, even of despair. So, first of all, let me warn you against being misled by the despondency, by the suspicions, and by the criticisms which are now so prevalent. One might well draw the conclusion that there was no courage or magnanimity left in the world. If there were none, we should let our people starve or freeze. We would abandon our sick and disabled in this great retreat. We would curtail the educational and other privileges of our children. We shall do none of these.

If we were willing to let this economic depression run its course regardless of human suffering, economists may tell you that it would undoubtedly find its bottom quickly, and from that foundation a new and sound economic structure might be rebuilt. They may tell you that it would have been better from the purely economic standpoint to have let this force spend itself by a quick and precipitant drop from top to bottom, rather than to let it grind its way slowly toward what they regard as its inevitable end. Well, I do not know whether the economists are right about it.

I do know that I like the spirit of a people which fights every inch of retrogression, whether it be in its culture, in its living standards, in its social and educational work, and even in its hopes for the future, extravagant though they be. We have become too sensitive to human suffering to let this economic movement run its course. Our social conscience will not permit it. Our political organization can not permit it, and so we have every kind of proposal, wise and unwise, to reverse the trend. Even our economic organization itself, which theoretically might benefit by a bottom quickly reached, is too sensitive both to social and political influences to permit it to be done. When the history of this period shall have been written, in your time but not in mine, you may find that our efforts at retardation and relief were unwise.

You undoubtedly will find that even though the principle was sound many of the steps taken to carry out the principle were unsound. Failure of execution, however, will not discredit our purpose. Your generation will do better. Disciplined at the beginning, called

upon to show your mettle at the start, you will avoid many of the pitfalls into which we have fallen.

So do not be misled by the state of mind of my generation or by what we say. We said extravagantly optimistic things five years ago. We say extravagantly pessimistic things today. Somewhere you must strike the balance to find the truth. But as the world must go forward, I advise you to resolve the doubt against what we say now and in favor of the best we used to say.

For example, people will tell you now that our living standards were too high and that we could not hope to maintain them. Well, I would not believe that if I were you. I hope you will say that the living standards were not too high—indeed they were not high enough—and that you intend to see to it in your time that the masses of the people of this country not only reach but maintain a higher standard of living for themselves than we had at the height of the last period of our prosperity. *It was not our standards of living which were at fault.* The trouble was we could not stand prosperity. Not satisfied with the daily earnings of our labor, we undertook to gain more by speculation until literally millions of our people regarded their legitimate income from honest jobs as too small to measure their mode of life and went on the general picnic of throwing ticker-tape into the air. And they “called the name thereof Manna; and it was like the coriander seed, white; and the taste of it was like wafers made with honey.”

The fact is that we no longer sought high living standards from honest labor, but extravagance from dishonest gains. This superimposed on an unbalanced economic base started our avalanche. Let no one confuse you. Stand by high living standards from honest and productive labor and set your face firmly against extravagance from dishonest and unproductive gains.

NOT ONLY DID the individual become careless of his expenditures, but he encouraged his government to become careless of its expenditures. The question no longer was whether a man or a government could pay its debts. It was whether or not his current income was sufficient to pay interest on his debts. The point I wish to make is that not only did the disciplinary morale of the individual in prosperity break down, but that of our political and economic institutions did so, too. They all became careless about the relationship of compensation to honest service. So it will not be enough for you to look after your own affairs by self-discipline.

You will have to extend those restraints to your government, to the concerns which you administer, and to the entire economic organization of the nation. That does not mean that you will lower the standards of living. It only means that you will prevent false standards and so escape that ultimate ruin which such standards inevitably impose. And so I say again, do not take too seriously what we say now. Do not permit yourselves to be embittered by our disappointments. Do not permit your confidence to be impaired by our suspicions. Do not permit your judgments to be controlled by our inferiority complexes. We are paying the penalty of our own mistakes. You, with clear heads and sound hearts, if you will keep them so, can profit by those mistakes.

May I warn you against one thing more in entering on the serious business which you are about to undertake. Beware of slogans, catch phrases and generalities which are so prodigally scattered about with solemn manner and in unctuous phrase. In times less critical, we could accept sweeping words as the indicator of an attitude of mind and trust that, by and large, definitive programs corresponding to the state of mind would be adopted. From such general statements men were said

to be conservative or liberal. Now I think we must require more. Precise and definitive statements of a policy or program must supersede ambiguous declarations and clever wise-cracks. Your science and mathematics have at least taught you that your symbols must have precise definition and that they must be used with the greatest integrity, not alone lest you mislead others, but as insurance against misleading yourself.

So I suggest that you start out in this important year of 1932 by demanding clear and unambiguous statements from all who ask your support to their leadership, whether it be in the political, in the economic, or in the social field.

I must not permit you to believe that no advances have been made in my time, and therefore that you will do well to abandon all. Just because we have run off the high road into a morass does not mean that I suggest that it is your job when the car is out of the mud to start off through the fields in untried ways. No, I think you should put the car back on the road, repair the steering gear, correct the sprung axles, realign the treads, and continue down the main road with courage but with care. For, after all, I think the appraisal of my time will be not that we did too little, but that we tried to do too much. In the political, social and economic field we undertook larger obligations on shorter maturities than we could meet. So we are in the unfortunate position of seeking a standstill, not as a basis of repudiation, but as an opportunity for fulfillment.

I have spoken of our objectives. If our government budgets are threatened—and they are—it is, in some large degree due to increased charges for educational, health, and social betterment. Many will say we have acted improvidently in these fields, but even so, and if at the worst we have to curtail them (which I hope we shall not) it is a standing testimonial to the purpose and intent and ambition of organized society in my time to improve itself. While we have accomplished much, yet it is small in comparison with what remains to be done. Impatient people will criticize our failure to do more. They will underestimate our accomplishment as they always do. The fact is, however, that in the social field we have moved forward faster in the last ten years than our economic organization could provide the means. One may criticize the judgment of a person who goes broke in social service, but certainly his spirit remains untouched.

DR. JACKS, an eminent English scholar, gave to me a few days ago a formula by which to test our action. It will serve equally an individual or a nation. And so I repeat it here. To meet all requirements every effort must be, he said:

1. Idealistic in purpose.
2. Executed by business methods.
3. In the spirit of sportsmanship.

I bring that test to you as a guide for the future, and command its use in testing your actions. If it is to be your guide, it also must be my judge. What will the appraisal of my time be? You will know and I will not. I suspect that we shall receive credit for the first; be criticized as careless and unwise in the second; and be considered as untrained in and unappreciative of the great power of the third. You will not be content to do no better. You will hold fast to idealistic purposes; you will improve our methods; you will practise sportsmanship. That courage, that magnanimity, and that unfaltering devotion which is embraced in its spirit is what the world needs most. I speak of it here in these halls with confidence and with pride. Here the spirit of sportsmanship was personified. Here even death cannot destroy it.

Florida's Tropical Tip End

By J. C. GEHRING

AMARVELOUS THOUGHT has come into the minds of a group of nature-loving people down here on the tail end of the Florida peninsula. It is nothing less than an inspiration—the like of which now and then comes into the hearts of men—to make them wonder why it is that so wonderful and far-reaching a conception should not have before presented itself!

There is down here upon this extreme point of Florida a section of territory that is unlike anything existing in all the rest of our country. Relatively few people have dreamed that our far-flung northern continent contains a very limited area that is essentially tropical in its fauna and flora—where frost rarely penetrates and where there is a wild life of animal and plant largely unlike anything existing above the 26th degree of latitude! And that means but 26 degrees north of the equator.

To the nature student there are here untold possibilities wherein he may literally riot in a new and hitherto unrecognized tropical world—not much over 24 hours from New York, and all under our own Stars and Stripes, with our own American civilization at its very threshold.

There are but two highways intersecting this vast, primitive area, the Tamiami Trail in the extreme northern portion and the road to Key West in the extreme eastern. All the rest of the approximate two thousand square miles is primitive as the Lord made it and left it, only in rare spots touched by the hand of man. The conception is that before our ruthless methods of effacing nature get any further foothold it be made into a national park—to be forever policed and preserved for the 125,000,000 of people who are as yet unaware of the untold treasures within its boundaries. Even at this writing, grass and muck fires are sweeping over vast areas, forever destroying the hammocks, and extending from the eastern boundaries as far as the Gulf coast.

We have national parks in various places, all of them in the north, containing mountains and rivers, forests and lakes, canyons and glaciers, and ice and snow galore—but they are all more or less alike in the sense that they are northern. And to think that within easy reach of the larger portion of our population there should lie an area that is a very real part of the tropical world, wherein nearly every tree, shrub, and plant, and nearly everything that creeps and flies and swims is wholly different—this thought is enough to drive the blood of every nature lover bounding through his arteries and make him question why he

and everybody else have been so slow in awakening to the startling realization that we have an actual tropical world right at home—even under our very noses.

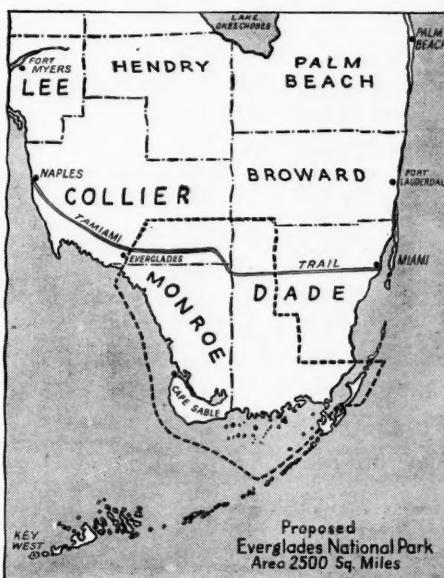
Here still lives the manatee, a monstrous mammal almost extinct; the alligator and the crocodile abound; tropical birds in vast numbers amongst which that most gorgeous of birds, the scarlet flamingo, still lingers. The roseate spoonbill, the onetime nearly extinct egret heron, the strange water turkey, and endless other wading and webfooted birds do and would make this their permanent abiding place.

There are wonderful palms, indigenous let it be observed, cocoanut palms in endless profusion and that stateliest of all palms, the royal palm that Nature herself has planted; endless species of trees—thick-leaved, rubbery, exotic—that to northerners are wholly unknown; orchids in vast numbers (only recently someone has been gathering truck-loads of these for personal exploitation!); and the rarely beautiful tropic tree snail occurring no farther north than Fort Lauderdale, which is being gathered by the idly curious to the extent that one person has recently boasted that he had 11,000 of them in a bucket and another some 14,000 which he hardly knew what to do with!

To think that we spend huge sums to establish and perpetuate zoological and botanical gardens in the north: all, to be sure, for the great benefit and instruction of the people, but these have to be planted! And down here in this natural nature garden the Lord does His own planting.

Already scientific men from all over the land—and one would be surprised at the list of names of the enthusiastic and earnest nature lovers that the writer has seen this winter—are visiting and penetrating this almost unknown region and coming away with a look upon their faces as though they had beheld a vision of an undiscovered paradise of nature. But had they been obliged to go away from home into the tropics of another land they would have undergone more or less hardship, privation, and even danger, although they would not have demurred for the sake of such results as are here so near and so easy.

Of course our government will seize upon this *last* bit of unsullied nature that remains within our domains—it has hitherto hardly known that it existed—and future generations will rise up and call it blessed, for in this one little spot of all our country there will be salvaged a bit of true equatorial world which Nature bethought herself to bestow, before she stepped off into the Caribbean Sea.



DOTTED line shows proposed park area

CAN WE IRON OUT THE PERMANENT WAVES

A Stabilization Reserve Fund



SHOULD corporations be required to set aside excess earnings in prosperous years, to carry through lean periods? Should the peaks be leveled off to fill in the valleys? The author argues that they should. He sets forth a plan which he has originated, embracing what we believe to be two entirely new concepts: the decade book balance, and the distinction between premature and authentic profits. In subsequent articles, Mr. McDonald will develop the idea further. Early in the present year he first presented his plan to the American Society of Civil Engineers, the governing board of which immediately authorized a thorough study. A summary and discussion are embodied in this present series.



PREVALENT ECONOMIC CONDITIONS bring a realization of the need for some change in our method and order of doing business. Much of the old has not been right, and must go. Yet, change can be made only by changing. No matter how sound our conclusions as to desired results, they are futile without the accomplishment of contributory physical changes.

Let us analyze some of the causes needing change that have helped to develop economic instability:

1. With an unlimited "ceiling," the individual has undertaken to get rich quickly, today—at the expense of thrift, safety, and future security.

2. Following this urge, too much of enterprise has measured its future possibilities by the momentary maximum of activity, income, and advance profit. It has capitalized estimated future earnings as the basis of expansion, security issues, mergers, holding companies, and dividends. Instead, it should first have saved from the maximum, in order to insure continuity and regularity in the future. All this helped to make inevitable a debacle in stocks and bonds.

3. Utility rate structures make no provision for operating reserves to carry over lean periods.

4. Specialization in industry has taken the individual from the old agrarian basis of total or partial self-sup-

port. It has made him dependent upon the continued operation of industry, even for the bread and meat of a starvation existence. But industry is equally dependent upon the specialized worker, so that industry must recognize the responsibility of maintaining the worker's existence and availability, if both of them are to survive profitably.

5. Economies of present-day mass production are possible only through mass consumption. This means a continuance of purchasing power by large masses. Too high a degree of centralization of the major benefits of production tends to defeat this joint need of workers and of enterprise. Thus we discover the necessity of making it profitable to both, by providing for the workers as high a level of maintained income and employment as can be worked out by a coöperative basis of production, with a more general distribution of production benefits.

6. Size and vastness have become so commonplace, in finance, geographical area, and in units of activity, that our view of the trees has been lost in the picture of the forest. The international viewpoint threatens to obscure our domestic needs and potentialities. Broad trade-groups too often are leaned on as the first improvised crutches of business resuscitation. Huge financial structures blot out the inescapable fact that each started as a small unit. Individual enterprise shrinks before this colossus of difficulties, and visualizes only the suicidal remedy of paternalistic governmental coddling. We have forgotten the positive benefit, achieved with relative ease, resulting from the healthy betterment of the unit enterprise—the need and the advantage to individuals, states and nations of each first heeding his own begging cares, doing and improving his own knitting. Yet, therein is the essential and the first basic move toward eventual betterment of the whole.

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THE COMPULSORY Stabilization Reserve Fund plan, developed around these elements, should tend to produce the desired differences in results.

Plans so far developed for self-provided business stability have the complexion of limited employment benefit funds. They comprise only some form of deduction from gross income or wages, with contribution by management. They provide for a form of benefit insurance applicable to portions of the workers alone.

Actually, any stabilized business structure consists of more than the employment of a limited proportion of labor; it literally rests on a tripod of interlocked supporting elements: Workmen (or labor), Management, and Investment. Each suffers if there is lack of em-

OF PROSPERITY AND DEPRESSION? for American Business

By FREDERICK H. McDONALD

ployment and loss of income. No plan stabilizing one of these triumvirate essentials which does not provide for all three can be either equitable, sound, or effective.

Additionally, it is necessary to recognize that we must *reach* stability before stability can be *maintained*. No business can be said to be stable until the fair, average, competitive market costs of wages, salaries, and minimum interest on the investment has been provided from income. When percentages of gross income are deducted to build reserves, this percentage must in turn be deducted from the normal level of wages, salaries, and dividend return. Otherwise it becomes an increased cost that must be added to the selling price of the product. This throws the selling price out of line with competition, or adds to costs at a time when economy and lowered costs are recognized as being the very key to business salvation. Only when reserves are built up from income in excess of normal costs—including the fair level of wages, salaries, and dividend requirements—can stability and the greatest measure of economy in operation be said to have been reached and be possible of maintaining.

For this reason the Stabilization Reserve Fund must be built from the excess over natural profits, and must be held for the proportional benefit of labor, management and investment.

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WHEN CONSIDERING irregularity or loss of business, work, and income, too many of us try to remedy these things in themselves. We overlook the fact that they are but the effects of underlying causes.

What most of us think we need in business is the elimination of idleness, low spots, or valleys in the course of productive activity; and we do. But what we need first is the tempering or lowering of the always preceding, excessively high spots or peaks of activity and production. These are the actual causes of subsequent low spots.

Bulges of excess activity, unregulated expenditures, unlimited expansion, too much diversion of profits, and the over-payment of dividends are what we have mistakenly called prosperity.

It is the recovery from these bulges and excesses that we are pleased to define as depressions.

If we want the safety that comes with regularity, we must average the whole by controlling the causes of the high spots. For there has not yet been devised any

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scheme to beat the law of averages except voluntarily to take from the peaks to fill the valleys.

Regularity of employment, income, and business operation will become a reality in proportion to the speed with which capital, labor, and management forego the delusion of large but sporadic gains. In its place there must come the constancy of a uniform and fair average income for each. The excess in peak periods should go into a permanent liquid reserve, to assure continuity of dividends, employment, and operation.

Why not accept—as a principle comparable to the payment of taxes—an obligation to set aside a regular portion of net (or the excess percentage of abnormal income) for a permanent, liquid reserve fund? This would be used in time of slack demand as an emergency-operating, employment, and dividend-paying fund. A type of self-provided business insurance will then be in force that will go far toward maintaining business activity, employment, and capital return.

This can be done voluntarily by every enterprise. It can be made obligatory through legislation, as the price of obtaining the privilege of doing business as a corporation through a state charter.

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ADD TO THIS the coöperation of labor and capital in determining a fair average income to each in return for a participation by all workers in the excess over the agreed fair primary profit to capital. We then have taken the second step toward stabilization. To a better guarantee of regularity in meeting minimum needs, we add a better distribution of benefits that will insure the much needed increased, more widespread and better maintained purchasing power.

Constructively, this can be approached through attempting to justify and offset the holding of wage levels to a minimum, livable average for the worker, and within proven limits of profitable operation for the

business, by agreeing to the periodic additional payments of portions of excess profit to the labor account. Whether this be in the form of employee bonuses, stock ownership, or actual profit participation by labor is a matter of method, and does not affect the principle.

Labor and capital can thus be taken into a jointly productive partnership to insure stable and predictable costs to the producer. Labor then has the right to expect reasonable continuity of income and to object to measurable unemployment which might have been averted by the foregoing of periodic excess returns by capital. Capital and management have the right to object and refuse to meet wage demands which might be called excessive to the point of impairing the continuity of a fair average return to capital and to management.

We thus have a combination of segregated savings in the form of a legally enforced reserve fund, plus the voluntary arrangement between capital and workers of a basis of minimum return to each with participation by each in better earnings. We gain the dual benefit of providing an insurance to each of continuity of operation and income, plus a real distribution of benefits. This will in turn compound the result by spreading an increased purchasing power that will of itself tend to insure a reciprocally added continuity of operation and income to investment.

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STABILIZATION means some degree of continuity of business operation, on a plane not too far removed from a satisfactory normal.

We may safely say that an all-time, average operation of most business activities at 80 per cent. to 90 per cent. of full capacity would be regarded as a satisfactory measure of normal operations, including sound growth expectancies. In this we recognize some inevitable ebb-and-flow of human activity. With this must be the realization that at times the enterprise will be pushed to full or even excess capacity; at other times its operation will fall below the satisfactory normal.

The greatest error of business has been its failure to set up its books on a basis of balancing over these periods of cyclical rise and fall.

No business man considers daily or monthly surplus as net profits, available for free use or distribution. Nor does he suppose that the book balances of these periods are any index of his operating stability. He takes pride in his knowledge of momentary and seasonal variations, and insists on at least a twelve-month balance as the measuring period for operating analyses and statements.

Yet every business man is informed to some extent of that other wave-like kind of variation known as cycles. He knows that these are effective over periods of years, and not just days and months. Experience has shown that these fluctuations can be composed as fairly even balances within overlapping ten-year groupings. Annual balances bear the same relation to these cyclical periods as daily and monthly variations bear to yearly statements.

Why not take the *decade book-balance* as an accepted measure of correctly sound operation? Then by forecast, caution, moderation, and recognition of the inevitable, why not introduce such measures of control and reserve provision as will enable the striking of a balance at some level of basic regularity of production, employment, and dividends, over ten-year periods? This would be practicable stability. If we do not make this provision we have neither the excuse of ignorance nor that of being blind. We are wilfully ignoring a

handwriting on the wall that is as obvious and as unavoidable as destiny itself.

The second greatest error of business has been its failure to recognize that the first extra earnings, from full or excess operations, are not likely to be permanent and therefore be freely usable as dividends or for forced-draft expansion. It is a mistake to assume that these peak activities are normal, and will continue. These earnings are, in fact, premature profits, or conditionally advance earnings. They are above normal, and should be recognized as a providential harvest against future empty larders. They are a warning of lower earnings to come when the tide begins its certain ebb away from the peaks of activity. The immediate use of these premature profits as authentic or disbursables—or for any other purpose than the creation of a segregated reserve to fill in the inevitable subsequent leaner periods in the cycle—is a dangerous undermining of future stability.

Only after provision has been made for a reasonable assurance of the future normal of basic operating requirements can these premature profits be regarded as *authentic profits*, freely available for distribution or for new investment.

This brings us to a realization of the need for carefully examining the periodic or cyclical status of an enterprise, in considering its financial status and possibilities—just as we are accustomed already to disregard its isolated monthly or seasonal balance as being entirely too short a period in which to gauge earning capacity.

With this comes the necessity of analyzing current annual surplus into two kinds of profit status. Are these extra earnings the product of excessive activity, over and above normal? If so, it would be necessary to determine whether they indicate the existence of one of those periodic bulges that almost inevitably warn of succeeding less active periods. Unless some adequate reserve already has been set up, it is desirable to store these subsequent and premature excess profits in such a reserve as will be readily available for leaner periods. This Stabilization Reserve Fund should be added to in sufficient amount to insure maintenance of the business structure and the integrity of each of its essential, interlocking tripod supports—Labor, Management, and Investment. Then, and then only, may one with safety regard excess profits as authentic profits, over and above the stable, cyclical needs of the business, and consider them available for disbursement or other productive use, as in the expansion of the business.

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DURING TIMES of uncertain stress, there comes the cry for leadership. And the picture we have of leadership is that of some Titan of a man, standing far above us on a platform of positive remedy, rapidly but considerately feeding us with sugar-coated pills of painless and acceptable curatives.

There can be no such solution to a nation's problems.

In society, the effective action and condition of the group is the summation of individual thought and action. It is not individual leadership, stars in the firmament, nor a Santa Claus of bonanza generosity that we must seek. Our aim must be the generation of simultaneous and steadfastly-adhered-to methods of sound individual action, on the part of the majority of the people. Inevitably the final condition of the country will be sound.

When all the people, or even most of them, agree so to live and operate their affairs as to make plenty provide against poverty; to whittle the peaks for filling in the valleys, then we shall have the leadership we need.

Then we shall begin to see the gradual domination for good of the mass of society, by the slow emergence of the irrespressible effects of sound action and sane living.

We need no Moses for guidance. The leadership of the majority, doing rightly, will save all.

Yet thrift, care, and thought for the future bear so much the stamp of platitude; are so easy of neglect for temporary gain or power, that many are neither of the mind nor have the stamina to hold a prudent course.

Hence the need for some legislative fiat within the basic groundwork of corporate procedure. Hence our proposal to bolster the opportunity all have for thrift and prudence, by the use of a legislative method to make this plan an essential part of corporate conduct; an inescapable requirement in exchange for a corporate charter and the privilege of doing business under license from and through the agency of the state.

If legal statute can lay the foundation for safety of action, through the enforcement of nominal restrictions of conduct *as the price of obtaining the incorporation privilege*, then the weak and the indifferent will move at least on the minimum of safe ground; the strong are neither hindered nor held back from voluntarily making their own ground safer.

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THE BASIC PRINCIPLES involved in this Stabilization Reserve Fund suggestion may be summarized as follows:

This plan proposes a form of business stabilization by requiring profit-making corporations to withhold the distribution of all earnings in excess of the state legal-rate of interest on the invested capital, or appraised value of assets, until a permanent, liquid stabilization-reserve in the form of a segregated, tax-exempt trust fund has been developed from these excess earnings, equal in amount to one year's salaries, wages, and primary dividends. This is to be used only as an emergency fund to provide continuity of employment and some income to labor, management, and investors, during lean years, by a rate of payment limited to a maximum of one-half year's normal income, to each, in any one year.

Private, non-regulated corporations would have this requirement imposed by the state as the price of obtaining a charter to do business, but at any prior time they voluntarily may adopt the plan.

Regulated public-service enterprises, having a uniform basis of profit or rate of return, would have such an allowance made in their rate structure as would permit the accumulation from net earnings of an annual, designated percentage of the stabilization fund requirements, this percentage to be above and exclusive of the allowed rate of return. Other excess earnings over the allowed rate of return also would be paid to the Stabilization Reserve Fund.

The second step of participating distribution of excess profits, subsequent to the completion of the prescribed stabilization reserve, is left to voluntary arrangement between employees and owners.

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Most efforts seeking to prevent a recurrence of present conditions are resulting in recommendations for

some new agency or group activity to set out and find a new plan or new recommendations—a plan to find a plan. The merit of this proposal is that it is of itself a very simple plan of action, ready for voluntary adoption and easy adaptation by any enterprise at any appropriate moment.

It would seem evident that an enterprise adopting these principles would find itself in a more stabilized and secure condition of operation, employment, and dividend possibilities. To this degree, the community would be that much bettered. In proportion, then, to the extent of such adoption, whether voluntarily or by legislation, all society would be similarly benefited. Hence the raising of the average condition of stability and security. Following this increase in the general stability of employment and income, there would be the benefit of a more stabilized consumer purchasing capacity. This would begin to be perceptibly effective, as regularized production, at some point of increased use of the plan. Other indirect benefits would follow.

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WE MUST BE careful of our faith in remedies, being sure that they reach causes and are not just momentary removals of effects. Time yields to no purchasable cure for a depression already existing; symptomatic prescription merely can bring alleviation. But repetition can be avoided by creating advance conditions tending to prevent or abate depression. It is the prosperity bulge which brings the depths of reaction; if we recognize that, then we know that the more we skyrocket the more we crash. By tempering the bulges we can lessen the reactions.

We have found that progressive fear destroys the very foundation of a nation's stability. At a time when the individual is groping for an anchor in the universally shaken public confidence, it is a mistake to regard any "immediate relief" demand as the real solution unless some understandable, feasible, and reliable indications of future security also are provided. Relief vanishes, first-aid is a stop-gap. Only the assurance of a known course of future conditions can bring confidence. Tomorrow is the real concern.

The Stabilization Reserve Fund plan holds the promise of a greater future security to the individual, and hence to the nation. America today is winding up the end of a period of free exploitation, of pioneering and maneuvering in lands, natural resources, and finance. The public is awakening to its latent partnership and interrelation with business, as consumers, employees, and investors. From now on the public can require, to a continuing larger degree, that capital and industry shall comport themselves openly and within the obvious margins of reciprocally beneficial and sound business procedure. Let the public approve only one measure—the yardstick of security.

In the opinion of many sound thinkers, the rise out of this depression will develop into a period of activity, progress and apparent prosperity, transcending all previous experience. It remains with us whether we shall make use of our dearly bought knowledge of the inevitable effects of unreined expansion in time to save ourselves from a subsequent plunge into depths descending beyond all previous experience.

NEXT MONTH Mr. McDonald will discuss economic phases developed in the working out of his Stabilization Reserve plan. A third article will present details of operation and legislative recommendations. A fourth article will answer questions raised by those with whom he has discussed the plan, and also questions inspired by readers of the series as published here.

Fascism Becomes International

By ROGER SHAW

▼ JAPANESE Fascism calls attention to like movements in other countries

THE WORLD'S ATTENTION was directed to the internal politics of Japan when Premier Tsuyoshi Inukai was assassinated on May 15. The assassins were a group of youthful military and naval officers, who fearlessly surrendered to the police. Simultaneously there occurred in Tokyo a series of terroristic acts directed against public leaders of liberal antecedents. The perpetrators were described as Fascists. Within the previous eighteen months such prominent liberals as Premier Yuko Hamaguchi, Junnosuke Inouye, and Baron Takuma Dan had met violent deaths.

These Japanese Fascists, who are divided into a multitude of patriotic orders and societies, both military and civilian, are highly nationalistic. They hark back to the half-forgotten glories which preceded the introduction of Western parliamentary government and Western capitalism. Internationalism, whether it be financial or of the League of Nations variety, the Japanese Fascists abhor; and their stressing of the ancestral virtues is well adapted to a country in which national patriotism is exalted above all things. Fascism in Japan has the knightly flavor of the Samurai code.

Communism in Japan has been driven underground, but due to unsound social conditions it is lately on the increase—especially among young intellectuals. The Reds are vigorously opposed by the Fascists, who dislike the new internationalism of Moscow even more than the exotic liberalism of the West. As liberalism and capitalism have been linked together in Japan through the *laissez-faire* doctrine, bankers are on the Fascist blacklist as well as proletarians. Some of the Japanese Fascists call themselves National-Socialists—a name borrowed apparently from the Hitler Fascists of Germany.

On May 31 came another Fascist sensation, when the aristocratic Colonel Franz von Papen supplanted Dr. Heinrich Bruening as German Chancellor. Bruening has a trade-union background, while Von Papen and his be-mooned cabinet associates represent the Junker elements which predominated in the Reich prior to November, 1918. Behind Von Papen looms the omnipotent figure of General Kurt von Schleicher, minister of defense and leader of the regular army. His is the real power to regulate.

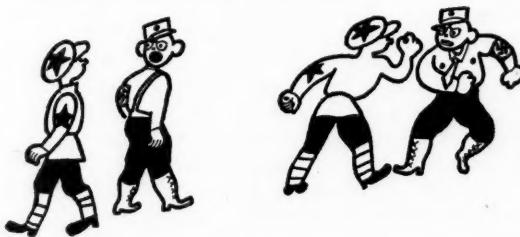
The Bruening cabinet had liquidated the Fascist storm troops of Adolf Hitler, and was proposing to break the great landed estates of the East Prussian Junkers into small farm lots for the multitudinous unemployed. Such liberal measures enraged the Junker army officers, who approve of the Fascist Hitler and his patriotic movement. The Junker is not unlike the Samurai. And as in Japan, where the war minister General Araki is powerful, Fascism can now exert an indirect influence in Germany through Von Schleicher.

Glancing back over history, it is significant to note

that the French Revolution of 1789, in its wider significance, opened the way to a gradual middle-class supremacy all over Europe. It was a victory for self-made capitalists, for intellectuals and professional men, at the expense of the hereditary land-holding aristocracy and its feudal privileges. The Russian Revolution of 1917, in turn, was primarily a revolt of the industrial working-class against the alleged domination of the capitalistic middle-class.

European Fascism has served primarily to protect the interests of the capitalistic order against the ravages of Communism; whereas Japanese Fascism seems to prefer the older feudal order to the prevalence of alien capitalism. Fascists everywhere despise that adjunct of the French Revolution known as Democracy or Liberalism. They hail martial glory, and laud the romantic "simple life." Fascist dictatorships are not intended as make-shift receiverships in bankruptcy, but are based on carefully considered philosophies designed to refute Karl Marx and Thomas Jefferson.

We hear much of the Third International (Communist) which centers at Moscow; and of the Second Inter-



national (Socialist) with headquarters at Zurich. There is, in effect, another informal international whose Mecca is Rome and whose prophet is Benito Mussolini. An organic Fascist International is, of course, impossible; for Fascism, by its very nature, is nationalistic and therefore unsuited to international organization. Nevertheless, there is admittedly a sympathy of aims and methods between the true Fascist party of Italy and the semi-Fascist movements of a dozen other countries whose citizens emulate the achievements of Il Duce.

The Russian Revolution and the closing stages of the World War brought a marked increase of Socialism and Communism. Communism, with its dictatorship of the proletariat, seized control of Russia; and made determined bids for power in Germany, Hungary, Italy, and later in China. Socialism showed great gains in England, Austria, Czechoslovakia, Germany, and many of the lesser European countries, in the interests primarily of the trade unions. The property-owning middle-class was in bewilderment. There seemed to be no adequate force to uphold their interests against the masses.

Communism was gaining the upper hand through northern Italy, where the Reds had dispossessed many factory owners amid the disorders of strikes and sabotage. The liberal government at Rome, in the opinion of the industrialists and war veterans, had not been sufficiently firm in dealing with the internationalists;

Fascism Becomes International

and the Fascist movement came into being under the guidance of Mussolini and his lieutenants. These original Fascists, after successfully combating the Communists along the Po Valley front, finally marched on Rome in 1922—at which time Mussolini assumed the premiership. Order came out of chaos. An aggressive foreign policy was adopted; Socialists, Communists, and even liberals were exiled to France; strikes and lock-outs were declared illegal; and the now useless Italian parliament was reorganized on occupational instead of party lines. In all things the primitive virtues of republican Rome and the "good old days" were stressed. The new internationalism, with all its works, was taboo in the minds of Italian Fascists. National patriotism became an almost religious cult.

Italy thus successfully scotched the proletarian snake, and the propertied classes of all Europe became interested. Here was order, discipline, a retention of certain nearly discarded values, although at the cost of that individual liberty which the French Revolution had inaugurated. Still, thought many industrialists, property is preferable to liberty. Mussolini may be right.

A distraught Spain a year later, in 1923, was placed under the dictatorship of General Primo de Rivera, with the assent of King Alfonso who suspended the constitution. Business elements and the aristocracy supported these Spanish Fascists, who called themselves the Patriotic Union but admitted their Italian affinities. The régime met with an indifferent success, and was followed, in 1931, by the present democratic republic whose record has been outstanding.

Germany emerged from the World War defeated, and

extremely vocal but ineffective. The Coty newspaper group, violently nationalistic, is highly Fascist in tone.

The Lappuans of Finland represent a Fascist element of agricultural antecedents, who bitterly resent the moderate Socialism of Helsingfors and the Finnish government. The Lappuans fear Red Russia, and have launched several minor disorders to the joy of the sympathetic German Hitlerites.

In Austria, neighbor to Hitler and to Mussolini, there is the *Heimwehr* organization which is reactionary, clerical, anti-parliamentary, and above all anti-Socialist. It is not enthusiastic over union with republican Germany; but Hitler has recently become the *Heimwehr's* acknowledged leader. The group has staged one major rising under Dr. Walter Pfreimer.

HUNGARY, in alliance with Fascist Italy, is under a semi-Fascist dictatorship which supplanted the Communist régime of Bela Kun in 1920. A truly Fascist organization is that of the Awakening Magyars, which strives against the provisions of the peace treaty of Trianon. Hungarian Fascism devotes itself to checking the peasants in the interests of the great landholders, and to threatening the Little Entente.

Poland is under a dictatorship, but it is not a philosophical Fascist dictatorship. Old General Pilsudski has preserved the parliamentary forms and is, in spirit, not unprogressive despite the backwardness of his country. Woman suffrage, which is unsuited to Fascist ideals, exists in Poland; and there is no spiritual kinship between Poland's dictators and the various Fascist groups. There is, however, a Fascist opposition party in



From *Wahre Jakob* (Berlin)

A GERMAN Fascist meets a Communist. They clash, arguing violently, and finally convert one another.



her Weimar Constitution of 1919 was framed by liberals and international Socialists. In republican Germany, as in republican Spain, the trade unions occupy an advantageous position. German patriots blame these international "Marxists" for the loss of the war; and German employers have no particular regard for the unions. Such was the field for Adolf Hitler's brand of Fascism, and in all things he has deferred to the Italian working model. After a decade of agitation, he came into the limelight in the Reichstag election of 1930 by increasing his representation from 12 to 107 delegates. He advocates an aggressive foreign policy, an occupational parliament, the old Nordic virtues, censorship of all sorts.

In England Fascism is represented by the abortive New party, sponsored by Sir Oswald Mosley and his heiress wife, Lady Cynthia. Their little group, which had studied the Hitler movement at first hand, was wiped out in the general election of last fall. They favor a dictatorship and a series of high-handed measures, but in the British Isles there is little interest.

France boasts the *Action Française*, led by Leon Daudet and Charles Maurras, which is monarchist and also Fascist. Its main strength lies in Paris. The *Action* is clerical, anti-parliamentary, and hostile to Germany;

Poland under the leadership of Roman Dmowski—the National-Democrats. This group—conservative, clerical, nationalistic, and favoring a more extreme dictatorship—opposes the Pilsudski government.

While it seems paradoxical that Fascism, which is ultra-nationalism, should have international connections, such appears to be the case. During the Middle Ages the order of knighthood was definitely an international trade union, governed by the union rules of chivalry and united by an aristocratic class-consciousness. Yet despite their mutual regard and bond of caste, the brother knights of France and England courteously slaughtered one another for an entire Hundred Years War. Here perhaps we may find a parallel.

Spanish, French, and German Fascists follow the lead of Mussolini. English, Finnish, and Japanese Fascists in turn borrow ideas from Hitler. The Italian black shirt turns blue in France and brown in the Reich. Il Duce ends woman suffrage, and Hitler trumpets: "Back to the kitchen!" Their followings pay ceremonial visits to one another, while Mussolini's photograph is said to adorn Hitler's desk. Hitler himself is Austrian; while Major Pabst, who was at the head of Austrian Fascism, is German. Both men are popular in Hungary, where Mussolini is a hero. There are even Fascist murmurs in Australia and Brazil. Fascism has become an international force.

How Racketeering Began

AN UNFORESEEN RESULT OF OUR ANTI-TRUST LAWS

By BURDETTE C. LEWIS

Former Commissioner of Correction of the City of New York;
later Commissioner of Institutions and Agencies of New Jersey

LAWS ENACTED for the purpose of safeguarding the people from abuses have at times had effects different from what had been intended. Our various anti-trust laws are good examples of that very thing. Originally they were expected to prevent monopolies, to keep alive competition, and to aid the small business man materially. At an early date the results of their operation were disappointing. They did restrain business men who obeyed them; but they provided new opportunities for extortioners, and for those who do not stop at violence to gain their ends.

Failure to enforce anti-trust laws favored the development of racketeering, under other names. Because nothing effective was done to check extortion, intimidation, and even murder-for-hire—in many of our northern, mid-western, and far-western cities—racketeering has been growing for more than thirty years.

The present sway of the racketeer is based upon his ability in a crude way to regulate the supply of milk, raw fruits and vegetables, fresh poultry and certain meats, upon his power to control much of the transportation of such commodities within cities, and to decide who shall be employed in particular industries.

Before the close of the last century the racketeer, under other names, began to get a foothold through graft, blackmail, theft, and the damaging of crops in fields or in storage. Railroad rebates and special concessions were frequently in evidence. The schemers and extortioners were able to increase their hold upon certain businesses because of popular indifference, and because statutes and court decisions lag behind the application of inventions and of new trade practices.

The chief reason for the failure of laws and court decisions to be up-to-date was the slavish following of the ideas of Adam Smith and of the British classical school of economists, by our courts and by our law makers. These ideas never did fit into the American scene, as several of our own economists have pointed out, notably Henry C. Carey, Simon N. Patten, and Richard T. Ely. The attempt to follow alien theories instead of facts gave to our handling of social and economic problems a grave unreality which lowered the respect of business men for laws and for courts.

We have kept up the repetition of such old sayings as "Competition is the life of trade"; "Competition must be kept alive"; "A monopoly can never be justified"; "Mere size confers monopoly advantages, and large business units must be broken into smaller ones". Not content with our vain repetitions, we have tried with poor success to force our business enterprises into such molds as alien ideas have provided. At an early date, without intending to do so, our legislators aided underground methods by enacting prohibitions which could not be carried out.

Shortly after the depression of 1873-'79 was ended, it was discovered that individuals were amassing large fortunes, and that by fair means or foul those strong individuals or large corporations (then just coming into

vogue) were pushing small competitors to the wall. The common law restraints against monopoly were enforceable only in state courts, since there is no common law of the United States; and they proved wholly inadequate to keep small companies, engaging in interstate commerce, from growing large. Federal statutes were therefore enacted, declaring in effect that the principles of the common law against monopoly should be "the law of the land". They were known as the Sherman Anti-Trust Law and the Act to Regulate Commerce. This commerce act created the Interstate Commerce Commission, to regulate the steam railroads chartered by the various states.

Again after the depression of 1893-'97 there came about a great revival of business, and the enlargement of business enterprises followed naturally. The forming of large companies alarmed many, and in response to their fears President Roosevelt launched investigations of the meat packing industry, of the Standard Oil Company, of the American Tobacco Company and, finally, of the United States Steel Corporation. Suits were in due time brought against all these combinations, and against a particular railroad situation in the northwest known as the Northern Securities case. These legal conflicts resulted in decisions affecting the Standard Oil Company and the American Tobacco Company, which were ordered split up into smaller companies.

THOSE DECISIONS seemed like great victories for smaller companies and for consumers. But it can hardly be argued that they had that result. Without anyone so intending, the indirect effect was to remove the necessity for underground and devious methods to meet the competition of large units working out in the open under reasonable public regulation.

The large meat packing concerns promised "to be good" and to accept federal inspection and certification of their products. As a consequence, court actions were not pressed against them until after the decision was handed down in the United States Steel cases, in which the court more firmly established the so-called "rule of reason". This was to the effect that actual trade practices, rather than mere size alone, created monopoly. So long as trade practices were reasonable, and a corporation did not control an undue proportion of the business in any line, a large corporation would not be broken up.

Then came the attempt, in state and federal courts, to attack large corporations as conspiracies aiming to restrain trade. The anti-trust laws of the several commercial states were invoked to outlaw alleged conspiracies in restraint of trade, whether the restraint was attempted by individuals or by corporations, however small. Examples of successful prosecutions were the beef-packer and pottery cases in the federal courts, and the famous Ice Trust case in the state court of New York. The beef-packers case was settled by the so-

called "consent decree", wherein the packers agreed to desist from selling many farm products which they had been accused of buying and selling at unfair prices.

It was shown that in certain territories packers would pay more than current prices for butter and eggs, if a farmer also sold them his beef cattle and his swine. On the other hand, they would turn around and sell butter and eggs, beef, or other food commodities, for less than their competitors, with fewer lines and smaller volume, could sell them. These practices the "consent decrees" were designed to end. All that was accomplished was to change the form of the alleged abuses or the corporations practising them.

In the pottery cases the Supreme Court reversed its previous findings, and decreed that if it were shown that competitors met and discussed how to improve trade practices and the range of prices, it was not necessary to prove that subsequent uniform price schedules were due to the *clear intent* of the parties to charge the same prices and to pay similar wages. It was enough to show that they met and discussed these matters and then subsequently paid substantially similar wages and charged substantially similar prices.

Early in the nineteen hundreds it was decreed by the courts of New York State that a combination to regulate the ice business in New York City was in restraint of trade and contrary to the state anti-trust laws. This decision was followed by others in various states, establishing the idea that mere size creates monopoly and raises problems of regulation, that conspiracies to raise or maintain prices should be enjoined, but that conspiracies to reduce prices apparently were not serious enough to outlaw.

Beginning in the early nineties labor demanded to be exempted from the provisions of the anti-trust laws, upon the ground that a man's labor is a part of himself and is not a commodity to be bought and sold in the market-place. Some courts took that position and permitted wage agreements, strikes, and peaceful picketing by strikers as being not unduly in restraint of free competition. Farmers at an early date likewise claimed exemption from anti-trust laws. They asserted a basic right to form their own coöperative associations, to restrict production, to control the flow of their products into the market, and to compel farmers to contribute to the upkeep of their own organizations.

After Congress, under pressure from President Wilson, enacted the Clayton Act (1914), specifically exempting labor from the provisions of the Sherman Anti-Trust Law, the farm organizations renewed their battle. Finally the Capper-Volstead Act was passed by Congress (1922), freeing the organization of farm producers from the exactions of the Sherman Law. The courts, in construing the principles of the Capper-Volstead Law, have held that reasonable restraint of trade is lawful if it does not attain monopoly or lead directly to price fixing.

These statutes, giving labor and farmers freedom from the Sherman Law penalties, came largely as a result of

the fight to free labor from British ideas, which was undertaken by President Theodore Roosevelt and continued by President Woodrow Wilson with renewed vigor. During this period the constitutional right of the legislature to limit the hours and wages of women and children in industry was upheld. In his campaign for the Presidency and after his election, Wilson followed the idea of "The New Freedom". This was a declaration against all sorts of negatives, and had for its purpose the sound regulation of progressive and forward looking action. According to this idea, business would be encouraged by the new Federal Trade Commission to promote fair trade.

Under the impetus given by President Wilson, a revival of American trade was attempted, especially in the foreign field aided by the newly created Department of Commerce. At home the attempt was made to discourage local price-cutting by large companies for the purpose of ruining competitors. Other unfair practices, such as the misuse of patents and of trade names and the adulteration or misbranding of products, were frowned upon. When Herbert Hoover came to head the Commerce Department, the trade association idea and standardization of styles and containers were pushed forward vigorously.

These trade associations have had a profound effect upon our business life, because they have led to the licensing of patents for common use of automobile manufacturers and of oil refiners. There has been effective coöperation in lessening the enormous economic waste from a useless multiplicity of styles, of designs, and of containers.

These trade associations, however, have fallen far short of their logical goal, because under our anti-trust laws business men dare not agree to limit the output, nor even voluntarily to agree upon prices to be charged for commodities or wages to be paid. Right here is the fatal defect in our system of regulation. Because of it the racketeer has been able to erect his structure of regulation outside the law.

In 1904, at the time of the Beef Strike, a study of labor and industrial conditions in Chicago—under the leadership of Prof. John R. Commons, of the University of Wisconsin—revealed several good-sized rackets in the trucking industry, in the clothing trades, and in other directions. It was customary for individual workers, or for the more conservative labor leaders who refused the racketeers' exactions, "to have their blocks knocked off". This was an underworld expression for knocking a teamster off his truck or wagon with a paving block, or for "beating up" a labor leader for a money consideration.

Successive dilutions of the wage rates and of workers' demands in the packing industry had been brought about gradually, by introducing different immigrant races from Europe and later by the use of Negro labor from the South. Labor was unwilling to wait for court decisions and statutes to free it from falling wages or from a permanent schedule (Continued on page 54)



ROCKEFELLER demands repeal

o SMITH calls for a bonus halt

McADOO proposes a short cut

o ECKER praises life insurance

The Failure of Prohibition

By JOHN D. ROCKEFELLER, JR.

A letter to President Nicholas Murray Butler, of Columbia University



By Sykes, in the New York *Evening Post*
Some jolt! Losing Rockefeller support.

MY POSITION may surprise you, as it will many of my friends. I was born a teetotaler; all my life I have been a teetotaler on principle. Neither my father nor his father ever tasted a drop of intoxicating liquor, nor have I. My mother and her mother were among the dauntless women of their day, who, hating the horrors of drunkenness, were often found with bands of women of like mind, praying on their knees in the saloons in their ardent desire to save men from the evils that so commonly sprang from those sources of iniquity. Although a teetotaler on principle and in practice, I have always stood for whatever measure seemed at the time to give promise of best promoting temperance. With my father, I for years supported the Anti-Saloon League in both its state and national work. It was at one time reported that our contributions toward the passage of the Eighteenth Amendment amounted to between \$15,000,000 and \$30,000,000. As I have previously stated, from the year 1900 up to and including the date of the passage of the Eighteenth Amendment, the contributions of my father and myself to all branches of the Anti-Saloon League, federal and state—the only contributions made by us in support of prohibition legislation—aggregated \$350,000.

When the Eighteenth Amendment was passed I earnestly hoped—with a host of advocates of temperance—that it would be generally supported by public opinion and thus the day be hastened when the value to society of men with minds and bodies free from the undermining effects of alcohol would be generally realized. That this has not been the result, but rather that drinking generally has increased; that the speakeasy has replaced the saloon, not only unit for unit, but probably twofold if not threefold; that a vast army of lawbreakers has been recruited and financed on a colossal scale; that many of our best citizens, piqued at what they regarded as an infringement of their private

rights, have openly and unabashed disregarded the Eighteenth Amendment; that as an inevitable result respect for all law has been greatly lessened; that crime has increased to an unprecedented degree—I have slowly and reluctantly come to believe.

I am not unmindful of the great blessing which the abolition of the saloon has been to our country or of certain other benefits that have resulted from the adoption of the Eighteenth Amendment. It is my profound conviction, however, that these benefits, important and far-reaching as they are, are more than outweighed by the evils that have developed and flourished since its adoption, evils which, unless promptly checked, are likely to lead to conditions unspeakably worse than those which prevailed before.

It is not to be expected that the repeal of the Eighteenth Amendment will in itself end all these evils and restore public respect for law. I believe, however, that its repeal is a prerequisite to the attainment of that goal. I am informed that should repeal become effective, all the machinery for controlling the liquor traffic built up in the respective states and in the nation throughout the many years prior to the enactment of the Eighteenth Amendment, would with few exceptions be in force, strengthened by various federal laws and court decisions having to do with the regulation of interstate commerce. Moreover, were the Eighteenth Amendment to be repealed, sufficient time ought to be given before repeal became effective to permit the various states through legislative action representing public opinion to set up such new safeguards or methods with reference to the handling of alcoholic beverages as seemed best calculated to insure adequate control of the traffic in the interest of temperance, and at the same time safeguard the normal liberty of action of the individual.

There are many who, feeling as I do that the Eighteenth Amendment has not accomplished the object which its enactment sought to attain, would willingly favor its repeal were some alternate method that gave promise of better results offered as a substitute. In my judgment it will be so difficult for our people as a whole to agree in advance on what the substitute should be, and so unlikely that any one method will fit the entire nation, that repeal will be far less possible if coupled with an alternate measure. For that reason I the more strongly approve the simple, clear-cut position you are proposing to recommend and which I shall count it not only a duty but a privilege to support.

My hope is that the tremendous effort put forth in behalf of the Eighteenth Amendment by millions of earnest, consecrated people will be continued in effective support of practical measures for the promotion of genuine temperance. To that cause my own efforts will ever be devoted.

NOYES on investment bonds o ERSKINE questions educational methods
SEABURY pleads for honest government o LIPPMANN chides Roosevelt

A Halt to Veteran Legislation

From a Radio Address, May 16

By ALFRED E. SMITH

THE FIRST DUTY of the Congress, exercising ordinary, good business judgment, is to use every means at its command to reduce the cost of the government. I believe it to be the duty of every member of Congress, without fear or favor, to go to the extreme limit in slashing from the appropriation bills all unnecessary appropriations of the public money. Every item not absolutely essential to the proper conduct of governmental business should be eliminated.

So far the action taken by Congress with respect to reorganization of the Federal Government is not, to my mind, satisfactory. Congress cannot give this matter the study and thought to which it is entitled. Under present conditions reorganization must be an executive and not a legislative function, and I am therefore in favor of giving to the President the full responsibility and power which he has asked in the immediate consolidation of government activities and bureaus and in other ways to reduce the cost of government. All the compromises so far offered by Congress are inadequate.

One of the most important fields of economy in governmental expenditures in which the general public is just beginning to take a lively interest, is the revision of the laws relating to veterans. While I bow to no one in my reverence for and devotion to the men who, in the hour of national peril offered themselves to the country, I nevertheless hold, and I believe that a majority of the veterans themselves hold with me, that we should call a halt to veteran legislation and check up before we go any further. No group of patriots can properly ask that their care shall become a national burden greater than the people of the country can carry in times of trouble.

Let us go back to the principles of the wise and far-sighted plans set forth by President Wilson in his program for payments to soldiers. He was a student of history. He sought above all things, to avoid the evils of soldiers' pensions which followed the Civil War.

He began by obtaining a scale of pay for men in the service higher than any scale ever paid before in this or any other country. He established as a further part of this program the principles of full and complete care of those wounded or disabled during the war, or whose disabilities are traceable to the war; full care and protection for widows and orphans of soldiers who lost their lives in the war; and a system of insurance and deferred

compensation for all veterans on a sound actuarial basis with contributions by the government and the veterans.

This program was entirely acceptable to veterans and to the people generally, and was regarded everywhere as the most generous plan ever offered of governmental coöperation, in the compensation and care of soldiers and their dependents in this country, or in any other country.

What has happened since Wilson's retirement as President? Not only have federal and state bonuses been provided, but the Wilson principles have practically been destroyed by numerous amendments to veterans' laws, all of which have for their purpose the payment of hundreds of millions of dollars to hundreds of thousands of veterans and their dependents, whose disabilities and other problems are not remotely connected with the war. Much of this huge sum is being paid, in fact, to men who never saw active service and to dependents who have no legitimate claim on the government.

THE COUNTRY simply cannot afford to appropriate these huge sums in a time of crisis for a favored class. As a matter of fact, by gradual changes in these laws, we are now paying large sums every year to over 300,000 veterans whose disabilities resulted from other than military or naval service. I take these figures from a document recently issued by a group of veterans themselves.

I therefore suggest that Congress appoint a special committee to report back at the next session a list of all special acts, amendments and appropriations which in any way compromise the original Wilson principles with a view to the repeal of such legislation. In the meantime, no more burdens for veteran relief should be added by Congress at this session.

Holding this view, it seems unnecessary for me to say that I believe nothing should be done with regard to revision of the bonus bill at this session of Congress. The plan to pay immediately compensation not due for a number of years is made more obnoxious when accompanied by the suggestion that it be paid by the issuance of fiat money.

I am sure that, upon consideration, the great majority of veterans will approve this, and will manifest their willingness to bear their share of the national burden.



By Kirby, in the New York World-Telegram

THE FALSE DAWN

Battling for Honest Government

By SAMUEL SEABURY

Counsel for the New York State legislative inquiry into New York City affairs.
From his commencement address at Washington and Jefferson College, June 4.

WE HAVE LABORED under the delusion that the public business should be left to the professional politicians, and have failed to appreciate that the manner in which public business is conducted vitally affects the prosperity of our whole people. The present economic depression from which we suffer, and the alarming financial condition of some of our great municipalities, ought to be sufficient to convince even the most skeptical that our people must either take an intelligent interest in their public affairs or pay the penalty which comes from their maladministration.

This penalty they now suffer because of their indifference. Some of our great cities have been bled white by unscrupulous grafters, who have filled with ill-gotten gains their tin boxes and the safes which they keep in their homes, while the public have manifested their indifference and indulged a feeling of helplessness to remedy the situation.

Public apathy opens the avenue of opportunity to the corrupt official. Experience has shown that such opportunities are not neglected. The evil conditions prevailing in some of the great municipalities of our country are nationwide in their ill effects.

It is not necessary for one to go into politics as a means of livelihood in order to take an interest in public affairs. Indeed, the whole theory of government, and the only basis upon which that theory can be vindicated is that the citizenship as a whole shall take an intelligent interest in their government.

I urge an interest in public affairs. Do not conclude that, because politics is sometimes corrupt, therefore one should have nothing to do with it. The fact that it is sometimes corrupt is not a reason why one should desert. On the contrary, it is a reason why one should do battle with these forces of evil.

Each and every one owes it to his country to take part in some measure in its public affairs. To do so requires sacrifice and a willingness to do battle with corrupt forces who are enriching themselves at the expense of a public whom they pretend to serve.

These forces are powerful and as unscrupulous as they are powerful. If you attempt to render this service, you must not be deterred by personal attacks. The obstacles that will confront one in endeavoring to loosen the stranglehold which these forces have secured upon some of our great cities will be great. It is a battle worthy of our best efforts.

My hope, frankly, is not in the politician, nor in the so-called business man, who is too anxious to get what he wants from local governments, whatever the methods that may prevail. My hope—the real hope of the country—is in the young manhood and womanhood of the nation who will enlist their efforts to secure an honest and decent administration of governmental affairs.

The situation in our municipalities can only be

changed by the advent into the arena of men and women who have not had their characters warped by cynicism; and who have a faith and spirit great enough to be willing to undertake the task of making these conditions what they ought to be. . . .

Do not be deluded with the idea that one can be subservient to the political machine until one obtains power, and then develop independence. Independence, like character, of which it is a part, is a growth. One cannot cultivate the capacity for independence by subserviency. There is today a splendid opportunity for young men if they can only be given proper leadership. They have the right to look to older men for leadership and counsel, and those who sustain such a relation toward them have resting upon them the obligation to guide but not to kill or divert, the fine energies, enthusiasms and ideals which they bring to their work.

Roosevelt and Walker

By WALTER LIPPmann

In the New York
"Herald Tribune" ©

EVER SINCE the Seabury investigation has been under way Governor Roosevelt's friends have been explaining his aloofness on the ground that he had a judicial duty to perform. Under the law the Governor has the power to remove the officials who are being investigated by Mr. Seabury, and it would therefore have been improper, they say, for Mr. Roosevelt to lend his support to a crusade against corruption.

Apparently, however, it is proper for the Governor to denounce those who are crusading against corruption, and to impugn their motives. Thus when Dr. Holmes and Rabbi Wise asked for the removal of officials who had made a very bad showing in the Seabury investigation, the Governor savagely attacked not the discredited officials but Messrs. Holmes and Wise. Now he is attacking Mr. Seabury. The attack is slightly veiled. It does not come from the Governor himself. It comes from some anonymous person who has issued a written statement from the Governor's home. In this statement the charge is made that Mr. Seabury is a presidential candidate, that he set a political trap for Mr. Roosevelt, and that Mr. Seabury has been hurting instead of helping the cause of good government.

This disposes rather thoroughly of the pretense that Governor Roosevelt's actions in the face of corruption in New York have been governed solely by a calm judicial spirit. There is nothing calm about a man who loses his temper so promptly, so completely and so often. There is nothing judicial about a man who let it be known that he distrusts the investigator of corruption as a possible rival for the presidential nomination. There has been something distinctly queer in Frank-

lin D. Roosevelt's mental processes throughout this affair. He seems to be most deeply irritated at the fact that the Seabury investigation has been producing testimony which compels him to choose between condoning corruption and striking it.

It is, of course, an unpleasant thing to have to consider the removal of Mayor Walker just before the Convention meets. If he removes the Mayor, Mr. Roosevelt will be accused of playing politics. If he does not remove him, he will also be accused of playing politics. It is a perplexing problem. But the problem is entirely the consequence of Governor Roosevelt's indecision during the last year.

This squalid mess is due to nothing but Governor Roosevelt's own weakness and timidity. If months ago he had done what he should have done, if he had broken with Tammany and put himself unequivocally at the head of the forces struggling for good government, there would be no dilemma today. He could postpone the Walker hearing as justice demands and nobody would question him. He elected, instead, to play an intricate game with Tammany, to act against corruption only when he was forced to do so, to feed Tammany patronage, to consort with the Tammany bosses, and to go along with Tammany in trying

to discredit Mr. Seabury and the active forces fighting Tammany corruption. Tammany and its allies will have a large vote at Chicago.

Thus Governor Roosevelt has lost his moral freedom. He is so heavily mortgaged to Tammany that he must prove his independence of it. Yet at this late date there is no way of proving his independence except by a procedure which must outrage every one's sense of justice. For to try James J. Walker before a man who stands to profit enormously by convicting him is a revolting spectacle.

The trouble with Franklin D. Roosevelt is that his mind is not very clear, his purposes are not simple, and his methods are not direct. A clear-headed, simple, and direct man would not have landed himself in the confusion which now prevails as between Albany and City Hall. He would have made a decisive choice at the outset, have convinced the country of his independence, and because he had won the confidence of the people, he could have afforded to proceed now with scrupulous

justice. But because he wanted Tammany to support him, he got himself suspected, and now he cannot afford to proceed with scrupulous justice. He himself has had to drag the question of Mayor Walker's removal into the presidential campaign.



By Ireland, in the Columbus, Ohio, *Dispatch*
DAMNED EITHER WAY

Our College Degree Tag

From an interview by
Edward Angly in the
New York "Herald
Tribune," May 28.

INSTEAD OF SIZING UP a man as an individual, and trying to find out what he thinks and what he can do, when we want to know whether he is educated we look for his tag. Has he a degree and what is it? The degree is his tag. Well, some people who get degrees have acquired an education and some have not. The tag does not mean a thing.

To earn his degree we ask a man to attend so many hours of certain courses, some of which he may not be interested in, and meanwhile we may perhaps deny him credit for developing the talents with which he is endowed.

Consider the arts. There is not an institution I know of in America that will give you credit toward a degree—a tag—for mastering the Greek dances. But you can sit down and write a thesis on the classic dances of ancient Greece and get a degree for it. We will give a student credit for exposing himself to so many hours of lectures on Beethoven, but if he wishes to learn to play



By Sykes, in the New York *Evening Post*
NOTHING TO WORRY ABOUT, NOW

By JOHN ERSKINE

Beethoven more acceptably on the piano, in most cases he must steal the time for himself.

It is a common thing nowadays for our high schools, preparatory schools and colleges to have a department of musical instruction, with a director in charge of the orchestra and the choirmen. Toscanini couldn't qualify for the job of musical director in any of them. He has not had enough hours of psychology. Their requirements all read that the director must have had so many hours of the

study of musical training, so many hours of psychology and so on. They do not try to size up the individual. They look only at his tag. And the tag has little to do with his work.

When a boy comes to college, he is required to enroll for so many hours in one subject, so many in another, and, at the end, he gets his tag. Americans provide the students with the most extensive and expensive facilities to be found anywhere, and the attitude of most of the students is to sit back and dare you to educate them. Well, I suggest letting them decide that for

themselves. If a boy, having paid his high-priced fees for a course, wants to cut classes and waste his time, then I say, take his money and let him do it. Let him know that he must make up his own mind and take the responsibility. He should be treated as a man.

Instead, we "supervise" him; see to it that he takes only so many cuts in each term or semester. We supervise his sports, his publications, his clubs, his oratory, his study.

There is a vast deal of hypocrisy about amateurism in American college sports, just as there is a great deal of hypocrisy in other phases of our national life. A boy who sings on a glee club can pick up a few dollars singing in a church choir on Sunday and no one brands him a "professional," as though he had committed a crime. Yet the college baseball player must not play for money in the summer time. That would be "professionalism." It seems to me that the professional in college sport is the college itself. It is the college which

organizes and supervises the teams with a view to making money out of their games.

The result of all this coddling and pampering, this powdering of students with talcum and then wrapping them in cotton, has been to produce in the student body of today two classes. The majority are yes men, and the others are quiet cynics. The bright ones become the quiet cynics.

Worse, still, the students having been discouraged from taking responsibility go out into the world unprepared for its hard knocks. Having been taken care of in college they leave it expecting the country to take care of them—the government, if necessary. It is preached that colleges should train men for leadership. And today one hears on all sides that what this country needs is a leader.

Who are leaders? They are the men who, right or wrong, come to a decision and act upon it, courageously carrying out their convictions.

An Advisory Referendum on Prohibition

By W. G. McADOO

Former Secretary of the Treasury. A statement to the Associated Press, June 8.

IN 1917, WHEN the resolution for submission to the states of what is now the Eighteenth Amendment to the Constitution was on its passage through the Congress, I had an interesting conversation with President Wilson about the matter. While it is not incumbent upon the President to approve or disapprove such a resolution, he was deeply concerned about it.

President Wilson thought it unwise to incorporate the prohibition in the amendment itself. He was convinced that it would be better to give Congress the power to regulate or to prohibit the traffic. He said:

"The amendment is an attempt by law to change long-established habits of a people. No one can tell, in advance, how it will work. I anticipate great difficulty in its enforcement unless public opinion strongly supports it. If this fails, it may become necessary to change the law, but this will be impossible under an inflexible provision in the Constitution."

"If the power to deal with the subject is confided to the Congress the law can be made responsible to public opinion—the ultimate authority in a democracy. I fear that the inflexible provision may, in the end, defeat the whole prohibition movement."

I was in full accord with President Wilson's views.

President Wilson was a sincere advocate of temperance. In the early days he favored local option by communities. When this proved impracticable he favored state-wide option.

Is there any way by which a direct vote of the people can be had upon the question as to whether or not the Eighteenth Amendment should be repealed, or as to whether or not it should be amended to give Congress the power to regulate or to prohibit the liquor traffic?

There is a way, and that is by a national referendum of an advisory character. The Congress has, in my opinion, the power to order such a referendum. By Article I, Section 8, of the Constitution, specific power is conferred upon the Congress "to provide for the general welfare of the United States." Clearly, the "general welfare of the United States" would be promoted if Congress would provide the means for ascertaining, as a guide to its deliberation, the will of the people upon this vital issue. No right of the States would be invaded by such action because none of the powers reserved to the States would be encroached upon.

Suppose that a special session were called by the new President shortly after his inauguration March 4, 1933, and that the President was empowered to proclaim a national advisory referendum, after ninety days' notice, upon some such question as the following:

"Shall the Eighteenth Amendment be repealed? Vote yes or no." Or:

"Shall the Eighteenth Amendment be amended so as to empower Congress to regulate or prohibit the liquor traffic? Vote yes or no."

Nation-wide, non-partisan discussions of the prohibition question would be secured by such a referendum, and the vote of the people would set at rest all conjecture or speculation as to the true state of public opinion.

If the vote should be in favor of the present prohibition policy, harmful agitation would be ended, for some time at least, and the government would be greatly strengthened in the enforcement of the law.

If the vote should be against the present prohibition policy, the Congress would know definitely what the people want and would be in position to give it to them.



By Talbert, in the New York World-Telegram
SMALL COMFORT!

A fair referendum is the right way to dispose of this vexatious question. By this method the people would settle it. Majority rule is the essence of democracy. Let us resort to the democratic way of determining what is the will of the majority.

As a strong supporter of every rational effort to promote temperance, I would accept a challenge for a referendum on this subject, with supreme confidence that the American people, with intelligence and wisdom, would render a sound judgment.

Why Life Insurance Remains Unshaken

By FREDERICK H. ECKER

President, The Metropolitan Life Insurance Company.
Excerpts from an address to the Company's managers.

EXPLANATION HAS been sought in many quarters for the basis of the oft-repeated assurance that the institution of Life Insurance remains sound and unshaken in the face of so much distress among some other types of monied corporations. This is not an unnatural inquiry at a time when there has been such a large recession of values in all classes of investment, including, so far as market quotations may be thought to reflect values, the so-called trustee investments which make up the portfolio of the life insurance companies.

In looking at the financial standing of life insurance companies, there are two angles to consider. First, in what manner, if any, might a decline in the quoted market value of their assets affect their solvency. Second, what, if any, embarrassment might grow out of an undue increase in the demand of their policyholders for cash surrenders and policy loans.

It has nowhere been suggested that there is the slightest question about the soundness of the large life insurance companies. Nor has it been suggested that timid souls have been surrendering their policies for cash or availing themselves of full loan values, actuated by the sort of fear that has led to the withdrawing from, and hoarding of, deposits in thoroughly sound banks.

Solely for the purpose of illustrating the soundness of the institution of life insurance, it might be interesting to look at the situation of the Metropolitan Life Insurance Company in its financial aspect from the first angle to which I have referred—namely, the effect of the decline in quoted market value of securities held. In accordance with the provision of law, our statement is based upon amortized or book values. For the purposes of a life insurance company, this procedure is sound.

The market values reported in our statement are those furnished by the Committee on Valuation of Securities of the National Convention of Insurance Commissioners. In the early fall of 1931 it was recognized that, under the abnormal conditions obtaining, market quotations did not reflect true values. As a consequence, the Convention authorized reports to be made at the year-end on the basis of an average of the quotations over five quarterly periods ending September 30, 1931. It transpired that this average and the market as of June 30, 1931, were approximately the same, which accounts for the adoption of the date June 30 for the market values that should be reported. This ruling did not apply to securities purchased subsequently to June 30, 1931, which were to be valued at cost. Nor did it apply to bonds which defaulted since June 30, 1931, nor to stocks and bonds of corporations in receivership since that date, all of which were to be valued at market quotations as of December 31.

The business of life insurance is to receive premiums, pay claims and expenses, and to build up a reserve to be invested at compound interest at a rate which will provide for the payment of its contracts at maturity. The price at which the securities may sell in the meantime has no bearing on the situation. If interest of at least the assumed rate is paid during the life of a given investment, and if the principal is paid at maturity, that is all that is necessary.

Those unfamiliar with the subject often confuse the reasons for declines in market values. Declines in market values occur for two reasons: One, because of doubt as to the obligor's ability to meet interest payments or pay principal when due. Second, because of so-called tighter money conditions, due to the desire of a disproportionate number of investors to convert their holdings into cash at the moment.

TAKE, AS AN example of decline due to money conditions, U. S. Government 3's, due 1955, which were issued at par in September of last year. Before the end of the year (that is, in less than three months from the date of issue), the same bond sold at 82 and a fraction. No one questioned that the United States Government would meet the interest on these securities when due, or that the principal would be paid in 1955, or earlier. The decline was caused purely by tightening in money conditions and a desire of a large part of the holders to convert their Government bonds into cash at a time when there were not sufficient buyers to sustain the market.

If this situation could take place in the short space of three months with respect to United States Government issues, the premier security of the world, it is obvious what could also take place with respect to high-grade issues of other character. As for insurance investments, however, fluctuations in market value are a matter of indifference; it is the payment of interest and the ultimate payment of principal which concern us.

There remains the other question first mentioned: as to whether a situation would arise that would necessitate selling, on the market, holdings bought for permanent investment; whether the demand for cash surrenders and policy loans could rise to a point where it would be necessary to dispose of securities.

Last year our cash surrenders amounted to \$156,000,000, and the net increase in policy loans amounted to \$67,000,000, a total of \$223,000,000. Our gross income for last year amounted to \$907,000,000. After deducting expenses of the business and payments to beneficiaries, there remained a net of \$433,000,000. Repayments of mortgages amounted to more than \$114,500,000 in addition, and repayments of bonds, etc., to something

over \$63,000,000. We held United States Government securities for over \$50,000,000, having a market price of over \$52,000,000, and other securities amounting to \$20,000,000 or \$30,000,000, which fall due in so short a time that they are readily marketable at book values.

In round figures, this would indicate approximately \$700,000,000 coming in, or readily realizable, that could have been applied to meet policyholders' demands of the character to which I have referred, which totalled last year \$223,000,000. These resources could have been made available by discontinuing other forms of investment, and the demand could have been met to the extent of more than three times last year's totals.

In passing through this long period of depression, foreclosures of loans secured by mortgages on real estate are inevitable. The total amount of foreclosed

properties as of December 31, including \$16,000,000 on farms, was less than 2 per cent. of the total invested in mortgages on real estate. This does not necessarily represent any loss. We have changed the form of the investment from a lien on, to ownership of, real property. Our experience in previous depressions during which mortgages were foreclosed has been that we were subsequently able to dispose of the real estate, taken as a whole, at a profit. Whether or not this experience will be duplicated, it is certain that the loss will not be material, nor of any consequence on the basis of percentage of the company's assets.

We have also had a somewhat similar experience with respect to bonds that have defaulted, due to disturbed conditions where, through reorganizations, we have worked out our holdings with unimportant, if any, losses.

Checking the Decline in Investment Bonds

In the New York
"Times," May 30

BY THOSE WHO have opportunity to observe financial sentiment in other localities than their own it is commonly remarked that the depth of gloom, the despairing attitude toward occurrences of the present day, are more strikingly apparent in America than in Europe, and in New York than in any other part of America.

This seems to be partly because the psychology of the crowd, especially in financial matters, is more widely prevalent here than elsewhere. A tendency of this kind is bound to be greatly aggravated by the habit of basing general opinion and definite expectations on the course of the financial markets. There has been much of excuse for such swaying of judgment by the markets. The action of investment bonds has presented to the daily reader a picture as unusual as it is bewildering.

The persistent melting-away of values, the fixing of prices for some of such securities at a level not far distant from the vanishing-point, have the not unnatural result of creating in uneasy minds the idea that some mysterious and occult forces are at work, which nothing can resist.

There is much in the current movement of investment values which is difficult to trace exactly to its origin. The originating causes when the fall in bonds began, last summer, were fairly well understood. The country's usual investing power has been greatly reduced. Foreign holders of American securities sold heavily here during the wild European fright of last summer and autumn. On top of this, last autumn's run on our banks by panicky depositors or money hoarders forced many of those institutions to throw over their own investments at the market to raise cash. The Reconstruction Finance Corporation has met and overcome the last-named difficulty, and it should be observed that none of the other influences cited had any necessary bearing on intrinsic values.

This being so, and prices being far lower than they were when the liquidation of last autumn prevailed (the "domestic bond averages" in May, 1932, were fully 25 per cent. below what they were in September, 1931,) it is not possible to explain the renewed decline in bonds by precisely the influences which prevailed last autumn. The only plausible explanation is that the

By ALEXANDER D. NOYES

mere sight of falling prices so far affected imagination in the case of a host of individual investors, that they threw over their own investments wholly regardless of price, thereby aggravating and sometimes creating the very conditions which had tempted them to sell. It had the effect of driving down prices of some active securities to the estimated "scrap value" of the company's tangible property.

What is to stop this process? Adjournment of Congress, after balancing the budget, would be of the greatest help. The persistent talk in Congress of "inflating the currency," the reckless naming of prodigious sums as the objective for such inflation, have visibly frightened Europe, whose feelings have found a not unfamiliar economic expression in the speeding up of the gold-export movement.

It is true that these mischievous demonstrations at the Capitol consist of talk, not legislative action; also that loose talk of the kind in Congress, though always voluminous at junctures of the present sort, has never hitherto been embodied in the statute books. But neither Europe nor the general public could be expected to know this, and the consequences of the Congressional talk, followed by the gold exports, has been to create among some of our more hysterical citizens the fantastic notion that perhaps the United States is headed for unlimited paper inflation, with a down-plunge of the currency's value which would copy Germany's performance of 1923.

Something may also be accomplished through reminding the people at large that the bonds which are being thrown overboard contract for payment of interest and principal on the gold basis now existing. Much might be done by concerted and judicious support, by the strongest financial interests, of a bond market which has been driven by fright so far below intrinsic values.

In the course of time, we may come to picture the episode in retrospect in the way many observers unconsciously look at it even now—as a bad dream from which there was bound to be a sudden awakening.

[The bond market support which Mr. Noyes recommended became a fact within a week after his article was published.—THE EDITOR.]

A SURVEY OF THE MONTH'S MAGAZINES

Why Cities Go Broke

BANKRUPT CITIES and solvent cities are the subjects of an interesting article by Lothrop Stoddard in the *June Forum*. He writes as follows:

"Today Chicago is practically insolvent. Its treasury is so nearly empty that funds are lacking for the most elementary civic services. With teachers and janitors unpaid for months, the schools are barely able to run. With scant appropriations for poor relief, hundreds of thousands of Chicago citizens are menaced by starvation. To cap the climax, Mayor Cermak recently announced that, unless the cash could be raised somehow, he might have to disband a large portion of the police and fire departments. And any sensible person knows that such a proceeding would spell something close to anarchy.

"New York is not so badly off as Chicago. Yet its plight is bad enough. Only the other day, its citizens received startling notice that the city was nearing the financial rocks. Forced to raise a new loan to meet pressing expenditures, the metropolis had to pledge a high interest rate. When Mayor Walker accused the bankers of driving an unfair bargain, Wall Street coolly retorted that this was the only way the loan could be floated, because investors realized that New York was no longer an A-1 credit risk and consequently had to be tempted by attractive interest inducements to take Father Knickerbocker's I.O.U.'s.

"Perhaps the most significant sign of the times was what happened recently in Philadelphia. Like Chicago, the Quaker City (third largest in the country) cannot meet even current bills and salaries. The city fathers proposed to ease the situation by boosting the tax rate. The upshot was that a taxpayers' mob, thousands strong, gathered at City Hall and tumultuously informed the Mayor that if their already intolerable burdens were made any heavier, there would be a taxpayers' strike. And the taxes were not raised! . . .

"Suppose we take a look at two other cities: Milwaukee and Cincinnati. The first-named is geographically not far from Chicago, but civically it is poles asunder. We've already noted Chicago's unhappy plight. Now let's glance at Milwaukee's record.

"Milwaukee is one hundred per cent. solvent. Last year (of all years!) it paid every bill and salary, spent almost lavishly for unemployment relief, and closed its books last December with a bank balance of nearly \$4,000,000.



By Enright, in the New York *American* ©
TWO FISTED!

"Mayor Hoan is an honest, fearless executive whose main ambition in life is to make a splendid civic record. We also note that his fellow citizens have shown their appreciation by reelecting him uninterruptedly for the last fifteen years. Finally, we observe ever at his elbow an extremely capable non-partisan Controller who watches every dollar in the treasury with an eagle eye.

"Our suspicion is confirmed when we turn to Cincinnati. It has a most reactionary past. However, a few years ago, Cincinnati adopted the City Manager Plan. In essence, that plan means that the citizens elect a non-partisan Board of Commissioners who, in turn, appoint a Manager.

"Cincinnati picked a splendid Manager in the person of C. A. Dykstra. Absolutely unhampered by politics, he runs Cincinnati as soundly as an up-to-the-minute business corporation. The result? Last year, Cincinnati paid every bill and salary promptly. So efficiently was each branch of the city government conducted that extra demands on the treasury for poor relief were almost entirely met out of departmental savings from the previous year, aggregating nearly \$700,000. On top of all this, Cincinnati paid off about \$1,200,000 of its bonded debt and simultaneously cut its tax rate to \$9.10 per thousand—the lowest tax rate of any American city of its size.

"Now what is the secret of these civic high-spots, which at first sight seem so miraculous? There isn't any miracle about it. The secret can be told in one short phrase: *a planned and balanced budget*. In other words, not only is every separate item of proposed expenditure closely scrutinized to make sure that it is proper in itself, but each item is considered in relation to every other item, and the whole budget is carefully planned so as to be both well balanced and in strict accord with the city's present revenues and financial prospects over the next year or two. In short, it's just

the homely 'family budget plan' which is today being widely recommended to American fathers and mothers, so that, when they go over their check books at the end of the year, they won't find themselves in the red."

The Socialist Convention Meets

"**T**HE SOCIALIST national convention in Milwaukee, the party's only stronghold in all of capitalist America, gave ample evidence of the potent influence of the depression, not only to swing labor to political action, but also to reshape and modify established policies and practices," writes Edward Levinson in *The Nation*. "The impact of this new influence was felt all the more in a party which only lately had begun to emerge from a decade of decline, momentarily halted by the La Follette coalition of 1924. It was impossible to draw clear issues in the convention. Two of the groups seeking supremacy in shaping policies were new ones; one, the 'militant' group, being probably a new expression of the old left-wing position. No national convention had been held since 1928, and that one had not concerned itself with the task of revaluing policies but with the simple job of maintaining the life of the organization. Almost half of the 253 delegates were new recruits, for the most part strangers to each other and to the delegates older in the party.

"The nomination of Norman Thomas for the Presidency was accomplished in the early stages of the convention, with an enthusiasm reminiscent of the demonstrations of old party nominating sessions, without, however, any of the mechanically induced and stage-managed noise. There was no other choice considered or possible. All but a scant few of the more die-hard old guard recognized the tremendous feat accomplished by Thomas in the nation as well

as in New York. His New York campaigns had definitely turned the tide of defeatism. Throughout the nation for four years he had carried the Socialist message, from the platform and over the radio, to millions of Americans. His Emergency Committee for Strikers' Relief had succored many thousands of strikers. Trade-union conventions, colleges, public forums, debates—he had used all these to promulgate the single message of the necessity of Socialist reconstruction. No Socialist had become so widely known or so popular since Eugene V. Debs. For his running mate the convention named James H. Maurer. Maurer had performed the same Socialist function in 1928, when Thomas made his first Presidential race for the party. With Thomas, the eloquent platform man, the alert thinker, and the pungent writer, and with Jim Maurer, risen from the ranks of organized labor to lead Pennsylvania's trade-union forces for a score of years, the convention fused the elements best representative of the party and its aims. . . .

"Soviet Russia proved the first thorny subject after the harmony of the nominating session. No fewer than five resolutions were offered on the subject. The resolution which carried the convention declares:

"Resolved, that the Socialist Party, while not indorsing all policies of the Soviet Government and while emphatically urging the release of political prisoners and the restoration of civil liberty, indorses the efforts being made in Russia to create the economic foundations of a Socialist Soviet and calls on the workers to guard against capitalist attacks on Soviet Russia. We believe that economic and political conditions in each country should determine the revolutionary tactics adopted in that country, and that the Russian experiment is a natural outgrowth of the conditions peculiar to that country. . . .

"On prohibition the convention showed frankness and courage unusual in political statements on the subject. While Republican and Democratic leaders in safely wet states have at times favored repeal, the Socialist is the only party thus far to have written a flat declaration into its national platform. Repeal of the Eighteenth Amendment, 'and the taking over of the liquor industry under government ownership and control with the right of local option for each state to maintain prohibition within its borders,' was the gist of the plank finally adopted by a narrow vote. . . .

"To ease the tragic lot of the millions of unemployed the platform proposes two appropriations of \$5,000,000,000 each: one for immediate relief to be administered directly to the jobless; the second to institute the construction of public works and for roads, reforestation, and slum clearance. In this latter program the co-operation of state and city governments is to be sought. Government aid to small home-owners and farmers to protect them against foreclosure and sale for non-payment of taxes is the substance of another plank dealing with the current crisis.

"The election of a new National Executive Committee, the ruling body of

the party between conventions, was a contest that tested the new temper of the party. Ten members were to be elected to serve with National Chairman Morris Hillquit. The new committee is representative of the growing stature of the movement. It includes Mayor Hoan of Milwaukee; Leo Kryzcki, vice-president of the Amalgamated Clothing Workers of America; and Jasper McLevy, head of the Bridgeport labor movement, who came within an inch of capturing the city for the Socialist Party last year. Norman Thomas; Powers Hapgood of Indiana, who did his post-graduate college work in the mines of half a dozen countries; Darlington Hoopes, Pennsylvania legislator; and Albert Sprague Coolidge, of the Harvard faculty, were elected. The remaining three places were filled by Lilith Wilson, Reading Socialist member of the Pennsylvania legislature; James D. Graham, president of the Montana State Federation of Labor; and John C. Packard, Los Angeles attorney."

The Clan Of Hohenzollern

WHAT ARE the children and grandchildren of ex-Kaiser Wilhelm II doing today? Baron Kurt von Reibnitz has answered this question in the Berlin *Querschnitt* for May. Says he:

"When the Crown Prince was a young student at Bonn, he disliked the coercion put on him as a member of the student corps; in Potsdam he detested being forced to wear his plain, old-fashioned uniform; and in Danzig the mode of his life as successor to the throne, commander, and father of a family was hateful to him. He believed unaffected and undisciplined conduct helped to make him popular. Often, after an imperial adjutant-general had transmitted to him a paternal rebuke, he asked the adjutant to accompany him in an open auto from Potsdam to Berlin. When the crowd on the street in the Tiergarten and Unter den Linden acclaimed him joyously, he would say proudly to the adjutant: 'Your excellency will see that the people believe me to be in the right—and my father in the wrong.'

"This was a mistake. The vernacular

spoken by Berlin cab-drivers was in those good old days called the voice of the people. One of the cab drivers said two days before the collapse of the monarchical system in Germany: 'We could keep the old man—we have had him for thirty years. But that young fellow, with his cap on crooked, won't do!'

"His oldest son, Prince Wilhelm, born in 1906, resembles his greatgrandfather Wilhelm I quite closely in mentality and disposition. He studied at Bonn, where he was an active member of the student corps *Borussia*. His brother, said to be more gifted, is named Louis Ferdinand, now 24 years of age. He is highly intelligent. After making a long tour through the United States and South America, he remained for a while at Buenos Aires where he passed his examination as air pilot and where he worked in a branch of the Argentine Ford plant. At present he is working in the Ford plant in Detroit. The third son, Prince Hubertus, born in 1909, has a most intense interest in naval matters, but naturally can not find a field of activity in the navy under present conditions. He studies agriculture on an estate in Silesia. The youngest of the four sons, Fritz, serves an apprenticeship in a commercial house in Bremen.

"All the sons of the Kaiser, excepting Prince August Wilhelm who chose civil life, entered military service. The most courageous in the war was the second son of the Kaiser, Prince Eitel Friedrich or Eitel Fritz, who often braved the fire of the enemy in the front ranks. He resides at Villa Jungenheim in Potsdam, a bachelor again after many years. In 1926 he obtained a divorce. Prince Adalbert may be considered the Kaiser's best son—if we employ that old proverb about the woman who is least talked about. He lives a quiet life with his wife, a Princess of Meiningen, on his estate *Adelsheidswert* near Homburg.

"Much more is heard about his brother August Wilhelm, often called Auwi, who travels about Germany as a propagandist of the Hitler party. After the November Revolution (1918) he showed himself a talented painter. His work, chiefly park and garden scenes about Potsdam, was eagerly bought up by the nouveau riche. Prince Auwi resides in Potsdam. He is divorced from his



KAISER WILHELM II AND HIS SIX SONS IN 1913

wife, and, like his brother, never married again. Prince Oskar is the only one among the Kaiser's sons whose married life remains a harmonious one. At the beginning of the World War he married Ina Marie, Countess of Bassewitz, who was lady in waiting to his mother. 'I do not like this engagement at all,' said the Kaiser. 'Neither do I,' replied the father of the bride.

"Prince Oskar recently became a member of the presiding committee of the German Nationalist party. His chief activity lies in bestowing decorations of the order of the Johanniter Knights. His rank as grand-master of this order entitles him to bestow these decorations.

"The youngest child of the Kaiser, his favorite, the only one for whom he showed deep affection, is Sissi, Duchess of Brunswick since May, 1913. When still a child and young girl it was reported that she was backward in mental development and a deaf mute. But on the contrary, the Duchess Victoria Louise is a most active, intelligent woman. She resides with her husband, the last Duke of Brunswick, at Gmunden in the castle of the Cumberland family."

Insurance or Charity?

"CAN WE by adequate preparation preserve the people of the United States against the suffering attendant upon widespread unemployment?"

This question is raised by Robert F. Wagner, Senator from New York, who writes for the June *Survey Graphic*. Mr. Wagner investigated the subject of unemployment insurance for the Senate last year. He is the author of a relief bill which in recent weeks has produced sharp controversy in Congress. Answering his question, Mr. Wagner continues:

"With that question we come to the rock bottom of social responsibility for unemployment. Men are thrown out of work through no fault of their own. It is not the men who walk the streets in search of work who create the industrial system of which unemployment is a part. The obligation rests upon society to make sure that they shall not go cold or hungry. The alternative is between charity and insurance; and I have no hesitation in making my choice in favor of insurance.

"Compulsory insurance against unemployment under state auspices dates from the passage of the British insurance act in 1911. Eight years later, Italy adopted a system and was followed by Austria, Bulgaria, Germany, Luxembourg, Poland, Russia and Queensland. Eight countries—Belgium, Czechoslovakia, Denmark, Finland, France, Netherlands, Norway, and Spain—have voluntary systems. In Switzerland in some of the cantons insurance is compulsory, in others voluntary. Upon the establishment of the Irish Free State the compulsory system was continued. In all these countries the insurance systems, even where privately organized, are encouraged by the state. In all, except Austria, Germany and Italy, the state contributes

Senator Wagner's Nine Points

1. The evil consequences of unemployment can and should be mitigated by the establishment of unemployment insurance or wage reserves.
2. Unemployment insurance or wage reserves, to be successful, should be inaugurated under compulsory state legislation, supervised by state authority.
3. The federal government should encourage state action by (a) co-operating with the states in the establishment of a nation-wide employment service, and (b) by allowing employers to deduct from income tax a portion of their payments into unemployment reserves.
4. Every system of unemployment insurance or reserves should be organized to provide incentives to the stabilization of employment.
5. The insurance or wage reserve system should be built on a plan financially and actuarially sound so that the premiums paid into the fund shall be sufficient to meet the obligations of the fund.
6. Compulsory unemployment insurance eliminates the competitive advantage of the employer who refuses to recognize his responsibility for unemployment.
7. Compulsory unemployment insurance preserves the mobility of the worker and his freedom of action in attempting to improve his economic position.
8. Unemployment insurance will beneficially affect not only the workers but agriculture, industry, and trade; all profit from sustained purchasing power.
9. Sound business and good conscience both command us, in dealing with unemployment, to abandon the methods of poor relief with its ballyhoo, its inadequacy, inequality and uncertainty, which are a drain on the sympathy of the giver and a strain on the character of the taker. Let us organize intelligently to prepare today for the exigencies of the future.

part of the premium costs. At the present time approximately 37,500,000 workers are so protected, of whom 34,673,000 workers (exclusive of Russia) are protected by compulsory insurance. . . .

"No extensive insurance has ever been established by the voluntary acquiescence of employers. To advocate insurance with sincerity is to advocate compulsory insurance.

"Compulsory insurance does not mean that the states must operate the insurance system, or that the state must contribute to the insurance fund or reserve. All that a compulsory system necessarily involves is that the employer is under statutory obligation to provide insurance or reserves to protect his employees against a stated period of unemployment.

"As long as the community bears the cost we virtually subsidize unemployment. The fear has been expressed that such compulsory insurance would be injurious to the labor movement. The very contrary, it seems to me, is the truth. It will minimize the destructive competition, during periods of depression, of millions of unorganized workers. An established system of compulsory employment insurance would give the labor unions a real stake in the management of business.

"Employers are naturally apprehensive of the effect upon their competitive position. Yet those who have voluntarily assumed the obligation report that the increased good-will and contentment of the employees, the elimination of soldiering, and the stimulus to management have resulted in efficiencies which more than balance the cost.

"The principal responsibility for unemployment insurance rests with the states. The reasons for federal encouragement are inherent in our economic organization. State boundaries are not

economic barriers. They do not check the spread of depression. A similar economic interdependence is apparent between agriculture and industry. The stabilization of industry, the maintenance of purchasing power, the mitigation of want must be national and not merely local achievements."

Germany In Russia

POLITICALLY, ECONOMICALLY, and culturally, Germany has influenced Russia profoundly since the thirteenth century. In the June *Asia*, William C. White discusses their relationships in detail:

"Commercial relations between the Germans and the Russians have, except for the four years of the World War, an unbroken history. In those early days Moscow and Berlin were separated by a month's difficult travel. Now an airplane leaves Berlin nightly at eleven. Meeting the dawn over East Prussia, it crosses Lithuania and, at noon, deposits its passengers at the Moscow airport. Late supper in Berlin—luncheon the following day in Moscow! Or, in the opposite direction, breakfast in Moscow and dinner on the evening of the same day in Berlin. Either way, thanks to an air line owned partly by the Germans and partly by the Russians, Moscow and Berlin are separated by only thirteen hours."

"The German bourgeois has always clung to two beliefs, almost axiomatic, about Russia. He believes that he is of the nationality that understands Russia best. Of course it is the experience of seven hundred years of close relationship with Russia that makes the German so confident. Quite naturally he some-

times scorns the knowledge to which other people pretend, or magnifies the difficulty of obtaining such knowledge as he himself has. Further, the German believes that Russia is perhaps Germany's greatest potential colony: source of raw materials, that is, and market for manufactured products.

"The present relationship between the two nations is founded on a paradox; in each there is a group that sees the other country as its promised land. Russia today is the hope of German capitalists; and Germany today is the hope of Russian Communists. . . . During 1931, Germany experienced the most prosperous year of its Russian trade since the beginning of its commercial relations with the Soviet Union, and chiefly at the expense of the United States. In 1931, Soviet orders placed in the United States amounted to \$51,561,000, in contrast with \$131,000,000 in the preceding year; and German orders in 1931 amounted to \$219,000,000, in contrast with \$135,000,000 in the preceding year. That is, the United States has lost 60.6 per cent. of its orders from Soviet Russia while Germany has gained 62.3 per cent. And there is great exultation in Germany! The German sales to Soviet Russia in 1931 even exceeded the sales made in the most favorable pre-revolutionary year.

"During the same year the number of German engineers employed in Russia, although no absolute figures can be secured, surpassed the number of American engineers; many of the Germans are willing to accept their entire salary in rubles in contrast with the Americans, who insist on having a part of their pay in dollars. . . .

"The only country that has not decreased its credit arrangements with the Soviet Union is Germany, which, as the basis of the whole credit agreement, has a revolving fund contributed by the government to guarantee payment of Soviet notes. A sum of money is set aside for developing Russian business, just as a sum is allotted for education or public works. The Soviet Union, therefore, no matter how appealing the prospect of eventually gaining large American credits by placing generous orders in the United States, must face the realities of the day and buy where credit facilities are at the moment most favorable. Thus Germany gets the orders.

"German credit to the Soviet Union is based on two agreements, one of 1926 and a second of 1931. The latter advances from government funds relatively short-term credits to German manufacturers for trade with the Soviet Union, and from a fund of 300,000,000 marks (\$75,000,000) guarantees them 60 per cent. of the value of the Soviet order when they present Soviet paper for discount. To this extent the state participates in supporting the German trade with Russia. For some lines 33 months' credit is granted. In most cases no cash payments are required until 13 months from date of delivery. The shortness of the credit period has, in some instances, prevented the Soviet Union from utilizing all of the available funds. Soviet Russia today does not want larger amounts of credit so much as more time for repayment. The Russians regret the

inability of Germany to buy Soviet products in larger amounts.

"But this is only a part of the credit which German business finds available for its commerce with the Soviet Union. Firms have sometimes succeeded in raising money from private sources for extending Soviet credits, and in many instances they have taken orders at the mere cost of production just to keep their factories occupied. German cities, including, for example, Hanover, have underwritten Soviet orders to some local factory, with the point of view that it is better to take a minor risk and keep a local factory running for six months than to have the workmen unemployed and drawing dole from the *Wohlfahrt*—or general welfare—fund, which must be met from the city's resources. Here lies the answer to those critics who say that Germany has borrowed money from the United States and other countries and with it has extended credits to the Soviet Union. Every man unemployed in Germany means, roughly speaking, a burden on the national or the local budget of \$100 per year for unemployment relief. The more numerous are Soviet orders the smaller is the amount of money to be supplied from the public treasury, and, therefore, eventually, the healthier are German finances."

National Straw-vote

THE STRAW-VOTE SEASON, says Jefferson Chase in the June *Vanity Fair*, begins in the spring of a presidential year and lasts through the hot weather. Covering about the same months as the straw-hat season, the straw-vote season comes once in four years only—as compensation. Mr. Chase blithely continues:

"It is becoming clearer and clearer that in a national election people want to select candidates and express opinions, usually negative ones, and not bother about details. Hitherto this has operated to prevent intelligent political action. The popularity of the straw-vote suggests that this instinct can be used to simplify electoral procedure.

"Some day we shall hold our national elections in the form of a straw-vote held directly after the party nominations are announced and the party platforms are adopted. The result would be something as follows, the voter being required to answer one question only in each group:

1. Do you want 'Four More Years of Hoover'?
2. Do you want a Democratic President to prevent the return of Prosperity?
3. Do you want Congress to coöperate with the President?
4. Do you want Congress to resist Executive usurpation?
5. Do you want to bring back the old-fashioned saloon?
6. Do you want to get rid of the speak-easy?
7. Do you want a High ('Robbers') Tariff to gouge the consumer?
8. Do you want a Low ('Free Trade') Tariff to ruin our industries?

5. Do you want to establish the Dole in America?
6. Do you want the unemployed to starve?
7. Do you want the Government to pay its bills?
8. Do you want your taxes increased?
9. Do you believe in Peace at Any Price?
10. Do you think that the Government should pay the farmers to lose money at their own job?
11. Do you want American farmers to sink to the level of the coolies of Asia and the peasants of Europe?
12. Do you want America to get tangled up in Europe's wars?
13. Do you want Europe's statesmen to swindle us out of our just due and lay the cost of the world war on the shoulders of the American taxpayer?
14. Don't you think it's silly that, after fifteen years of trial, we still don't recognize Russia?
15. Do you want to recognize Russia and see Communist propaganda broadcast throughout the United States?
16. Don't you think it's about time we modernized our government?"

Successor To Briand

LEON BLUM, pacific parliamentary leader, pushed the Hoover debt moratorium through a reluctant French Chamber in June, 1931. Simeon Freiberger, in the *Jewish Standard of Toronto*, describes the dramatic scene:

"The prospect of a favorable vote dwindles as the night wears on. It is already midnight, and still the opposition towers above the struggling minority. But as a hundred voices resound with the French of impatient determination, Leon Blum rises from his bench on the left. Peace. Peace. Peace. Of what value are payments made at the sacrifice of Germany's solvency? This scholar-Socialist, strange mixture of politician and litterateur, asks. He does not declaim, he does not juggle his words in the obvious pattern of the politician. He speaks with the sincere conviction of the humanitarian, of the ardent pacifist. Enough of futile strife and destruction. So he pleads for a round hour. And when the vote is finally taken the Chamber declares itself two to one for the moratorium. Leon Blum, the Jew, has saved Hitler's Germany from the disaster of bankruptcy!"

"Until 1919, until he reached the age of forty-seven, when most men are fairly set in their tracks, he continued in the leisurely pursuit of the Muse. No financial worries harassed him. His father, a prosperous silk merchant, had made it unnecessary for Blum to bother about earning his keep. And thus he might have finished his days, had not the World War shaken humanity to its roots, had not the inherent love of justice in the writer been transformed by this unparalleled upheaval into the dynamic will to public service.

"Shortly after Jaurès, the Socialist leader, was assassinated, Albert Thomas (who died recently) came into power. M. Thomas appointed Blum the head of the department of public works. That same year, 1919, Blum drew up his party's platform. Some time later he was elected a Deputy to the Chamber. Since then he has been a crusader for international amity and peace.

"Political ties have quickened the tempo of his studious life. They have intruded with editorial writing for the Socialist organ, with the preparation of speeches of offense and defense, with interviews with public officials. Yet with all that, Blum still remains essentially the literary man, the urbane Parisian. Certainly his home abounds in symbols of culture and learning. In the house on Boulevard Montparnasse where he lives you may find the true environment of the scholar . . . books, tapestries, paintings. Even now he works in his library for hours on end. For he is not a shallow mind content with loose oratory or rhetorical bombast. His speeches are in themselves literature. . . .

"In the recent elections Blum's party elected 129 Deputies to 156 returned by the Radicals, who though possessing the largest representation must solicit the aid of the Socialists to have a majority. Public opinion in France having swung to the left, M. Blum's position as an advocate of disarmament and international rapprochement becomes more firm daily. In the months to come he is destined to reshape the foreign policy of the French government and steer it back to the road charted by the late Aristide Briand."

Mount Ararat Through History

IN REFERENCE to the Biblical peaks of song and story, which today are yet again figuring in the news, the New York *Sun* declares editorially:

"So long as there has been a mountain for men and countries to squabble about, Mount Ararat appears to have been the center of a lively, aggressive ownership controversy. The Kurds insist that, some 4,000 years ago, they fought the Hittites in this same region and held it against all rivals until the coming of the Mongol chieftains, centuries afterward. When, still later, the empires of the Czars, Shahs, and Sultans met at a point near the foot of Ararat, all claimed the mountain. The question was settled by dividing the area into three parts. This arrangement appeared satisfactory until a few years ago, when the Kurds began

another of those revolts with which they periodically plague the Turks, and, hard-pressed in Kurdistan, they returned to the slopes of the mountains for which they had fought some forty centuries before. They set a difficult task for the Turks, in that they fought from a terrain with which they were familiar, and when forced to retreat by a superior Turkish force they retired across the Persian border, where they were free from pursuit. The result was that Persia made a most advantageous real estate deal, turning over its share of Mount Ararat to the

Czechoslovakia, Italy, China, Japan, the United States, Poland, Hungary, Spain, Sweden, Norway, Denmark, Turkey, the Netherlands, Portugal and Russia. It was the French proposal that caused the greatest initial stir. M. Tardieu's proposal was that the League of Nations should be supplied with a force of heavy bombing airplanes, and that no individual power should be allowed to retain such weapons; that long-range artillery batteries and submarines should similarly be placed at the League's disposal; that in short the League of Nations be armed in order to impose peace by force; that arbitration be compulsory, and that the old will-o'-the-wisp, a definition of aggression, should again be pursued.

"The main principle of the British proposal was the whittling down of armaments bit by bit, beginning with the nastier and more aggressive armaments, such as submarines, gas, and poison. That principle was the foundation also of the Italian, American, Chinese, Japanese and Turkish proposals. Poland and Czechoslovakia in the main sympathized with the

French plan. Russia agreed with the British proposal as a second best to her own original proposal of total comprehensive immediate disarmament. Germany, from her peculiar position as the only disarmed power present, demanded 'universal, enduring, equal and unreserved disarmament.'

"Thereafter the conference virtually stood still, in harmony with the general field of diplomacy, for nearly three months. By February 24th other countries had made their proposals: Finland, Estonia, Rumania, Austria, Uruguay, Australia, Bulgaria, Haiti, India, Egypt, Mexico, South Africa, Lithuania, Chile; and the first phase of the conference, the submission of the world's ideas on the subject of disarmament, was completed.

"The work was then handed over to committees: a general committee, a political committee, a budgetary limitation committee, a land (or military) committee, a naval committee, an air committee. . . .

"A clear division of opinion split the conference. The cause of the disagreement was the fear, frankly expressed in the French press, that the naval powers were trying to achieve disarmament at the exclusive expense of the land powers. Sir John Simon, on the simple theory that as you cannot achieve disarmament except by means of agreement, the paramount need was for unanimity, on April 22nd amended his own resolution. By now proposing that the offensive arms aforesaid be either prohibited or internationalized, he in effect proposed that the solution be sought either by the Gibson-Simon or by the Tardieu plan: a comprehensive compromise of which the simple object could be only the gaining of time wherein to explore the possibility of bridging Anglo-Saxon and Continental mentality."



FRANCE AT THE GENEVA CONFERENCE

Turks and receiving in exchange a long strip of territory on the Turkish-Persian border which it greatly needed for settling down its own restless tribesmen. The treaty confirming this exchange has been just ratified by Persia.

"The part of the mountain which Persia thus abandoned is known as Little Ararat and is connected with Great Ararat by a saddle; the two peaks rise from a comparatively level plain to heights of 17,000 feet and 14,000 feet. James Bryce, who years later was British Ambassador to the United States, was one of the few men to make an ascent of Ararat. He said that the mountain was remarkable in that it arose suddenly from a low plain and reached to a great height, and he declared that 'consequently few views are equally grand.' The renown that attached to the mountain as the supposed landing place of Noah's Ark and the superb view from its summit would make it one of the favorite ascents of the mountain climber were it not so remote and so difficult of approach."

Disarmament At Geneva

THE INTERNATIONAL disarmament conference, which opened in Geneva on February 2, has dragged along until many of its issues and proposals have become hopelessly confused in the popular mind. George Glasgow of the London *Contemporary Review* has summarized and clarified these issues in the June number:

"In the first fortnight of the conference no fewer than nineteen countries submitted full proposals for the consideration of the conference, namely, Great Britain, France, Belgium, Germany,

How Racketeering Began

Continued from page 41

of low wages. Violence growing out of strikes and lockouts was invoked as a regular practice in many trades. The Chicago clothing industry resorted to open strikes and warfare once a year in order to establish a new wage schedule for each manufacturing year. Both employees and employers hired sluggers to carry on their yearly warfare and to enforce the wage contract during the year.

THE SLUGGERS in the clothing trades were not always kept busy there. They were procurable for the use of both sides in perfecting or fighting the teamsters' organization, and in certain divisions of the building trades, such as steamfitting, plumbing, bricklaying, and plastering. A small but rapidly growing business quite naturally developed in the furnishing of sluggers to both employers and employees. The leaders of these hired mercenaries rapidly acquired positions of authority in several trades. Violence became a tacitly recognized practice because the sluggers, ignoring the common law, as well as the statutory restraints against price fixing, could secure wages and salaries for laborers and profits for business men faster than anybody could win them who obeyed the laws.

When John Purroy Mitchel became Acting Mayor of New York City, in 1910, a study of police conditions revealed the existence of several rackets, called by other names. These were in the handling of perishables of all kinds, in certain trades of the building industry, and in the clothing industry particularly. The warfare which he inaugurated upon these rackets was taken up and pushed by District Attorney Charles S. Whitman. These prosecutions sent to prison many of the racketeers and some of their victims. When I became Commissioner of Correction of New York City, I found twenty-eight such men serving terms in the city's institutions. Several others were held during trial only, and then went to State Prison.

About 1912 an attempt was made to bring peace into the clothing industry of New York through the Joint Board of Sanitary Control, an invention credited to Louis Brandeis, now Associate Justice of the United States Supreme Court. This plan gave a place to peaceful collective bargaining, and made the sway of the slugger less necessary. It led to joint boards with "impartial chairmen", which became very useful in various trades during our participation in the World War later on.

The capable police administration of Arthur Woods helped along the peaceful movement by showing the New York police how to keep order without taking sides in a strike. The police, long accustomed to the idea that they should break the heads of one side or the other in labor disputes, welcomed with alacrity the chance to be policemen preserving public order and nothing else. Out of their enthusiasm grew new possibilities and new opportunities for break-

ing up gangs of slingers and of murderers-for-hire in New York.

Young policemen were assigned to live with gangs and to report their movements, so others could catch them "red-handed". Policemen were promoted for preventing crime, as well as for hunting down criminals after crimes were committed. Gang control of trucking through the systematic wounding of dray-horses, and the theft and destruction of goods in transit, was in this way checked. Sluggers in the clothing trades were caught in the act, through the co-operation of the departments of correction and police with the prosecuting authorities and the courts.

The racketeers' own court—a conference of chief gang leaders, wherein they decreed who would kill whom for so much money, and what punishment should be meted out to agents who failed—was exposed and broken up. Political leaders could no longer keep from jail the men who helped them steal a primary or a general election; so the gang leader and his henchmen were left helpless.

AS A RESULT crime rings were broken up. Practically all the big gang leaders in New York, such as "Dopey Benney", "Joe the Greaser", and "Isidor Presser", were sent to prison for long terms. "Humpty Jackson" learned that it was safer to sell canaries and puppies in a First Avenue store than to keep up the old grind. The prosecution of the killers of Barnet Baff, the poultry merchant, and successful action against those who were trying to "polish off" handlers of milk, fish, and fresh vegetables, seemed to promise freedom from racketeering and extortion in New York.

The hoped-for results were destined to be nullified by three things. The first of these was the failure to keep up the kind of police work carried on under Mayors William J. Gaynor and John Purroy Mitchel. The second was the growing influence of anti-trust laws, which forbade honest men from taking counsel and planning action to regulate transportation within the city, to limit the supply of commodities coming into the market, and to agree upon prices subject to inspection and supervision of governmental agencies. The third cause of failure was the immense war chest which the failure to enforce prohibition gave the racketeers.

It is useless to discuss the failure of constructive police work in New York. It has been notorious except for brief periods of reform, and until recently under Commissioner Mulrooney. The effect of the anti-trust laws seems less understood and should be made plain.

Trade associations were formed, which at first seemed destined to hold the ground gained against the racketeer. But since, to be effective, all agreements to maintain fair prices must lead to agreements to maintain definite prices, the trade association is well-nigh help-

less under the anti-trust laws. The racketeer, well advised by good lawyers, knows this. So he forms his trade association, which on the surface is just like the legitimate one; but he relieves the members from the necessity of making price agreements. The racketeer compels price regulation without written or provable agreements, which could be enjoined as contrary to law. The "mobster" also limits the supply of commodities, through their destruction (directly or indirectly); through spoilage, arising out of the passage of time while goods are left on side tracks in cars or left in the holds of vessels. The racketeer prevents unloading on time, and perishable goods are destroyed and the market supply reduced.

IF COOPERATION of business men who believed that regulated competition would eliminate the worst abuses had been possible under the law, racketeers would not have been able to stage a come-back. But any vital kind of co-operation out in the open would lead inevitably to the successful prosecution of business men. The racketeer got his chance to "muscle in", and to do unlawfully what business men would not run the risk of doing.

For a long time it has paid handsomely for business men either to go into disguised partnership with the racketeer, or to tolerate him and to pay him tribute. Since it has paid to do so, many of our business men have nourished vipers. These vipers now threaten to destroy them, and to take over business after business.

Business men thus threatened are in despair. Many of them have been entirely ruined. Their places of business, their trucks and their goods are blown up, and their employees are killed.

They see the future through glasses which are unnecessarily dark, because there are remedies which may be applied. In the first place, it is not yet too late to modify the Sherman Anti-Trust Law and the various state anti-trust laws, so that the public may be safe-guarded against the supposed evils of monopoly, while the business man is relieved of gang domination. The racketeer has nothing with which to recommend himself save his big paws, his heavy jowl, his troop of "gat bearers", his army of youthful misfits, and his brazen assurance to hide his "yellow streak" and his so-called "white liver".

The willingness of a certain kind of business man to compromise with serious evil for the sake of immediate gains, the supine indifference of people generally toward a thing which would require serious personal effort to correct, and the fear of the farmer that any delay in marketing his products in the cities means their decay, has made the sway of the racketeer an easy one for him to build up. Moreover, laborers who live on their wages from day to day are too often unable to resist the racketeer, despite all the efforts of the conservative labor leaders.

Our anti-trust laws should be amended to permit agreements among business men, among corporations, and among co-operative associations.

A Lesson in Life Saving



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"Let us show you one of the best ways to carry a man who needs help. You can learn how on the pier or the beach and then practice in the water. You'll find this and other 'carries' in the Metropolitan booklet 'Swimming and Life Saving'."

OUT beyond the paddlers and bathers who cannot swim a stroke, you will find the strong swimmers who get the most joy out of clean, sparkling water. But swimming is more than a keen pleasure. It offers more opportunity for wholesome exercise for more people than any other sport.

Almost everybody who has correct instruction can learn to swim. When you swim you exercise practically every muscle in your body. You take deep breaths, expand your lungs and send your blood tingling from head to foot. And afterward, when resting in the warm, golden sunshine you soak up health-giving rays from the sun.

You may regard yourself as a fairly good swimmer because so far you have been able to take care of yourself. But if you have not learned to swim correctly you may be unjustified in your confidence. It is not difficult to correct swimming faults or to learn the proper arm and leg action and the breath control necessary in good swimming.



Foolhardiness and panic cause more drownings along the seashore and in lakes, rivers and ponds than exhaustion or cramps.

You may be perfectly willing to risk your own life to save that of another. But if you do not know how to go about it there is great danger that both lives will be lost. To save a life requires real skill. Prove whether or not you are competent by carrying ashore a friend who is not helping himself. If you find that you cannot do it, learn the proper life saving methods so that, if ever needed, you will be ready.

The Metropolitan Life Insurance Company, in cooperation with the American Red Cross Life Saving Service, has prepared a booklet which will help you to learn to swim, if you cannot swim now. It shows the American Crawl used by champion swimmers and the proper Side Stroke to use in life saving. Send for your free copy of "Swimming and Life Saving." Address Booklet Dept. 732-V.

METROPOLITAN LIFE INSURANCE COMPANY
FREDERICK H. ECKER, PRESIDENT

ONE MADISON AVE., NEW YORK, N.Y.

Our New Tax Law

WITH THE PRESIDENT's signature on June 6 the labor of 531 lawmakers came to an end and that of millions of taxpayers began. The good citizen who struggled to follow the revenue bill along its tortuous journey of six months, through the halls of Congress, will find himself better prepared than his neighbor for the shocks that begin with this month of July, as he comes in almost daily contact with Uncle Sam's tax-gathering machine. There is no sanctuary.

This Revenue Act of 1932 revises rather than displaces the Revenue Act of 1926 (amended as to the income tax in 1928). The new one is made in the depths of depression; the other was written near the peak of prosperity. The new measure brings back many wartime ideas in taxation and rates, to operate during a peace-time emergency. Unfortunately for the government, and for the taxpayer, there are no war-time profits to yield revenue, no high level of wages or salaries, no high level of prices for the farmer who constitutes the bulk of our population.

It is somewhat of a farce to expect much by raising the tax on the net income of corporations, from 12 per cent. to 13 1/4 per cent., at a time when the profits of large corporations have in most cases disappeared. At its height, in 1918, this corporation tax yielded more than four billion dollars—enough to pay the entire cost of government now, including huge sums for veterans' relief, interest on the war debt, and all else. In the fiscal year just ending, however, collections from the corporation tax will be found to have fallen far short of one billion.

In like manner the maximum surtax on the income of individuals has been raised to 55 per cent. (from 20), with the government thus taking more than half the earnings of the rich. Plainly the rich will more than ever seek refuge in tax-exempt bonds of the nation and its political subdivisions.

Lest the average man should have been lulled into a false feeling of inviolability, by what he has read of this "soak the rich" principle, it might be advisable for him to take his pencil in hand now to figure out his prospective income tax, due on March 15 next.

Is your income likely to be \$5,000? A married man without children, or with children grown up, was this year allowed an exemption of \$3,500, and paid a tax of 1 1/2 per cent. on the difference (minus one-fourth when the income was earned). His tax amounted to less than \$17. This year the same man will have an exemption of \$2,500 only, will pay at the rate of 4 per cent., and will find no recognition of earned income. His tax will be \$100—a sixfold increase.

Is your income likely to be \$10,000? The head of a family, with no depend-



By Kirby, in the New York *World-Telegram*

ent children, paid \$117 tax on such an income this year. Next year the taxable portion of his income will be \$7,500, and he will pay 4 per cent. on the first \$4,000 and 8 per cent. on the remaining \$3,500. His tax will be \$440—four times as much as last year.

Exemption for a single person is \$1,000. only, so that the young man or young woman with a weekly wage of \$20 will share it with Uncle Sam.

THUS IDEAS will be found to differ regarding the question whether the principal effect of the new Revenue Law is to soak the rich. In its broader aspects the measure represents an effort to tap sources of revenue not so dependent as the old ones upon national prosperity. Uncle Sam's receipts from the income tax and from customs duties—his two principal sources heretofore—had fallen off by more than half, and it was necessary to look elsewhere.

Postal receipts had likewise declined under the influence of depression, with little offsetting reduction in expenditure. Here the situation was met by the simple expedient of raising the rate on letter mail to three cents, and increasing zone rates on newspapers and magazines.

In the search for new revenue the lawmakers revived the tax on gifts, which had been abandoned after a year's trial a decade ago. For the privilege of giving your wife or son (or anyone else) a million dollars, you pay the government \$92,000. If you should happen to want to give ten million dollars you must count upon an extra \$2,300,000 as a permissive fee to Uncle Sam. Should these sums pass by death, rather than by gift from the living, the tax is still higher. In other words the inheritance tax, left largely to the states in recent years, becomes an important item in the new search for federal revenue.

Comparable to the so-called luxury taxes of war time is a new series of manufacturers' excise taxes—2 per cent., for example, is added to the manufacturer's sales price of an automobile truck, to be turned over to the government. The tax becomes 3 per cent. if it is a pleasure car. Accessories and parts,

including tires, are not overlooked. There is a 10 per cent. tax on jewelry, furs, cameras, and sporting goods; a 5 per cent. tax on radios and mechanical refrigerators, a 2 per cent. tax on candy and chewing gum, and varying levies on different forms of soft drinks. There is a tax on the use of boats.

There is an utterly new tax on electrical energy, equal to 3 per cent. of the amount of your monthly bill, and a tax on telephone, telegraph, cable, and radio messages. A telephone message costing less than 50 cents is exempt. A cable or radio message yields a flat 10 cents to the government, telegraph messages 5 per cent. of their cost.

The federal government also enters, for the first time, the field of gasoline taxation, hitherto reserved for the states and originally intended solely for the improvement of roads. There is now, from the 1st of July, a federal tax of one cent a gallon on gasoline, to be collected from the producer.

Admission to places of amusement bears a tax of 10 per cent. if the price of admission is more than 40 cents. Checks and drafts will each yield two cents to Uncle Sam. This is not a stamp tax, the law providing that the bank shall collect the tax for the government once each month by charging the sum against the depositor's account.

Perhaps the most novel feature of the Revenue Act of 1932 is the entrance of the government into the field of tariff revision by way of a tax bill. A series of taxes is levied on imported crude oil and its derivatives, on copper ores, on lumber, and on coal. The method followed by the lawmakers was to place a tax on all those products, and then in each paragraph to write-in the statement that "this tax shall apply only with respect to the importation of such articles."

The provisions of this new Revenue Act went into effect immediately, or on June 21 (which was the fifteenth day following its approval by the President), or on the 1st of July. The sections relating to incomes, gifts, and inheritances are retroactive to the 1st of January, 1932. The income-tax-payer has, of course, until the 15th of March, next year, to make his "return" to the government. We suggest that he begin now to lay aside the money. Perhaps those banks which now have vacation funds, or Christmas funds, will rise to the occasion and start something which might be called Uncle Sam's Fund.

Taking liberties with Lewis Carroll in his centennial year, one might summarize the tax hunt of the lawmakers at Washington somewhat in this fashion:

"The time has come," the Congress said,
"To think of many things:
Of gifts—and ships—and chewing gum—
Of messages—and rings."

History in the Making

Continued from page 20

relief work, and \$1,500,000,000 which the Reconstruction Finance Corporation could extend to productive projects.

PRESIDENT HOOVER, after conferences with directors of the Reconstruction Finance Corporation, makes public a program for unemployment and agricultural relief (June 5). He would give the Corporation authority to double its security issues, making available \$1,500,000,000 in new working capital. Of this, \$300,000,000 would be offered as loans to states unable to finance new relief programs. The remainder would be used to increase employment by buying bonds of income-producing or self-liquidating construction projects, and to steady agricultural price levels by making loans to the Federal Farm Board for relending to farm co-operatives, and by loans secured by agricultural commodities.

GENERAL Charles G. Dawes tenders his resignation as president of the Reconstruction Finance Corporation (June 6), to take effect on June 15. In an accompanying letter to President Hoover he says that Congressional action in balancing the budget has marked the turning point toward American prosperity.

SEVEN THOUSAND unemployed World War veterans, in Washington to plead with Congress for immediate payment of the entire \$2,400,000,000 maturity value of the adjusted compensation certificates, march (June 7) along Pennsylvania Avenue. The veterans, coming from all parts of the country by hitch-hiking, freight cars, and motor trucks, are bivouacked in condemned buildings and on Anacostia Flats. Additional contingents arrive daily, urged to Washington by officials of the "Bonus Expeditionary Force". District of Columbia commissioners announce (June 9) that unsanitary conditions in the veterans' encampments constitute a serious health menace, and urge Governors to discourage additional bonus seekers from leaving for Washington, already quartering nearly 20,000.

SPEAKER GARNER's relief bill, providing for disbursements of \$2,290,000,000, is passed (June 7) by the House. Of the total, \$1,190,000,000 would be devoted to a huge public works building program; \$1,000,000,000 would be advanced to the Reconstruction Finance Corporation as an addition to its loan fund; and \$100,000,000 would be turned over to President Hoover for immediate relief of individual suffering.

THE SENATE passes (June 10) a relief bill which would authorize the Reconstruction Finance Corporation to issue additional debentures of \$300,000,000 for loans to the states on the basis of population. More acceptable to the administration than the House's Garner relief plan, this measure is drawn by five Democratic Senators: Wagner, Robinson, Pitman, Walsh, and Bulkley.

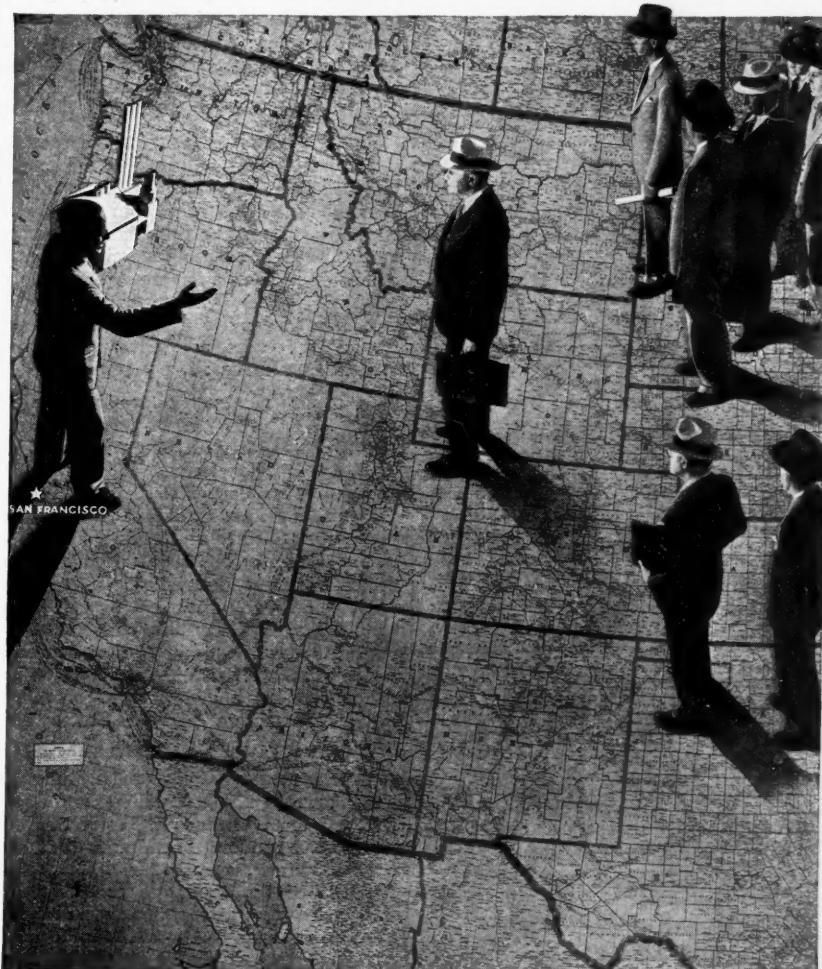
Continued on page 58

THAT TENTH MAN.. IS HE YOUR CUSTOMER?

He lives west of the Rockies. The other nine live to the east. In terms of national distribution of goods he represents a difficult, isolated problem. Yet, considering the average of the ten as 100%, he pays an income tax of 134.3% • his bank savings is 113.2% • his power to buy, as indicated by automobiles, domestic telephones and wired homes, is 139.2% • his rate of development as a customer is twice that of the other nine.

By right of his purchasing power and steady growth he commands the attention of the eastern manufacturer and merchant.

How to establish contact with and win this important customer?



Broadly speaking, the business activity of this tenth-man centers at San Francisco, focal point of western population. Here are his administration headquarters, his principal rail and steamship lines, his factories and warehouses, his bank deposits.

For 62 years he has transacted an important share of his business through the Crocker institutions, which, therefore, are in a position to introduce eastern business interests to him under the most favorable auspices. Our good offices in this connection are cordially extended to responsible business concerns.

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The Review of Reviews

History in the Making

Continued from page 57

Presidential Campaign

Plans and nominations.

ALFRED E. SMITH, in a radio address (May 16), gives his solution for problems facing the United States. His suggestions embody these points: unemployment relief through vast programs of public works; reiteration of his belief that war debts should be allowed to go unpaid for 25 years; rigid governmental economy and reorganization along the lines suggested by President Hoover; reduction in relief to veterans; immediate Congressional action to balance the budget, including a sales tax; modification of the Volstead act looking toward eventual repeal of the Eighteenth Amendment.

REDISTRIBUTION of the national income to secure a more equitable division of wealth between capital and labor is advocated by Governor Roosevelt, speaking (May 22) at the commencement exercises of Oglethorpe University, Atlanta. Frank experimentation must be used in attaining this end, he says, adding: "It is common sense to take a method and try it. If it fails, admit it and try another. But above all, try something."

SOCIALIST candidates are nominated (May 22) at the party's national convention in Milwaukee. Norman Thomas of New York is named for President, and James H. Maurer of Reading, Pennsylvania, for Vice President. Both were the party's 1928 candidates. Their platform calls for a \$5,000,000,000 federal appropriation for immediate unemployment relief, to be followed by a \$5,000,000,000 program of public works; participation in the League of Nations; several forms of social insurance; state option on prohibition, with government-controlled liquor industry in the Wet States; and recognition of Soviet Russia.

TEN THOUSAND Communists, meeting at Chicago in national convention (May 28), nominate William Z. Foster of New York for President, and James W. Ford as his running mate. Mr. Foster is a member of the executive committee of the Communist Internationale and leads the Communist party in the United States. Mr. Ford is a Negro war veteran from Alabama.

Events Abroad

Four new premiers . . . The Old Fox is dead . . . Chile and Vera Cruz go Socialistic.

NEW SOUTH WALES' Premier, J. T. Lang, is removed (May 13) by Sir Philip Game, British Governor-General of Australia, because of his refusal to abide by a decision of the High Court giving the Commonwealth the right to seize income-tax revenues of a province whose financial obligations had been assumed by the national government. Lang had allowed New South Wales to default \$10,000,000 in interest payments due English and American investors,

contending that interest rates should be lowered to correspond to deflated commodity prices.

PREMIER TSUYOSHI Inukai, 77-year-old Premier of Japan, is killed (May 15) in his Tokyo home by a band of young Japanese militarists. The assassination is believed a result of Japan's evacuation of Shanghai, bitterly opposed by the military. It climaxes a long list of assassinations and attempts on the lives of prominent Japanese (including an effort against Emperor Hirohito in January).

JAPAN'S feeling upon the Emperor's appointment (May 23) of Admiral Viscount Makoto Saito, to succeed the murdered Premier, is that experience in crises have fitted him for the task of overcoming economic, political, and social disorders. Saito in 1919 put down the Korean outbreaks which nearly cost Japan her domination of Korea, and in 1927 headed the Japanese delegation at the Geneva Arms Conference. He has served as Minister of the Navy.

PRESIDENT Hindenburg of Germany requires the resignation (May 30) of the liberal Centrist Chancellor, Heinrich Bruening (although the latter had received a Reichstag vote of confidence three weeks before), under an obscure constitutional clause. The Bruening cabinet had proposed breaking up the great East Prussian Junker estates, to settle the unemployed as farmers. Bruening is succeeded (May 31) by Colonel Franz von Papen and a cabinet of conservative Junkers, whose real leader is its Defense Minister—General Kurt von Schleicher. The Junkers will hold office at least until July 31, when a general election is to be held. Von Papen, when military attaché at Washington in 1915, was recalled by request as the result of over-zealous patriotism.

PRIVATE property which benefits the state, its inhabitants in general, workers' unions, or agricultural workers, is liable to expropriation by the government of Vera Cruz, one of Mexico's twenty-eight states, under the terms of a law passed by the Legislature and approved (June 2) by Governor Tejeda. Judgment as to whether a property is a "social utility", and liable to seizure, is vested in the Governor. Payment for property seized is to be made over a period of twenty years.

CHILE, for ninety-nine years a democratic republic, is the scene (June 4) of an army revolt which wrests the power of government from President Juan Esteban Montero and lodges it in the hands of a junta led by Carlos Davila, former Ambassador to the United States. Davila intends to institute socialist reforms in all phases of the national life, and affirms that the government will be free from "Russian Sovietism". The scope of the revolutionary reorganization is eclipsed only by that effected in Russia by the Communists. The revolt is unusual in that it is accomplished by the army, in most

countries loyal to the existing form of government. Santiago, the capitol, and all other important cities are seized with almost no bloodshed. Davila is later forced out of the junta (June 12) because of his friendly foreign policy.

EDOUARD HERRIOT accepts the invitation of President Lebrun to succeed André Tardieu as Premier of France (June 4). He immediately forms a new Cabinet, which is given an overwhelming vote of confidence (June 7) by the Chamber of Deputies. The change in Premier and Cabinet is due to the fact that the elections of May 1 had altered the complexion of the Chamber.

Business

Railway unions speak . . . The League advocates gold.

DECLINING foreign trade causes the present unsatisfactory financial condition of American railroads and unemployment of railway workers, representatives of the seven leading railway unions tell President Hoover (May 13). To revive the foreign trade which they consider necessary to rail prosperity, the unions urge a plan similar to that suggested by Former Governor Smith on April 13: a 25-year moratorium on war debts, with each nation allowed to deduct from its debt to America an amount equalling 25 per cent. of its purchases here. Unless some such step is taken to relieve unemployment, the railroad workers say they "will be obliged to demand a dole".

DURING the last two years, according to figures published (May 30) by the National Industrial Conference Board, there has been a 13.9 per cent. reduction in the wage rates of American laborers. General salaries have been reduced 15.9 per cent.; executive salaries 20.3 per cent.

IN THE EVENT of a world economic conference—a suggestion reported as coming (May 25) from Prime Minister MacDonald of England—the United States would be willing to participate provided that reparations, war debts, and disarmament are barred from discussion. So states Secretary Stimson (May 31).

FRANCE's strict quota system for restricting the quantity of imported American goods will be materially modified as a result of an agreement reached (June 1) by Ambassador Edge and Premier Tardieu. According to the new understanding, America is given a most-favored-nation trade status, with an increase in all import quotas.

Here and There

Mayor Walker under fire . . .
Mr. Rockefeller abandons the Dry cause.

Mrs. Amelia Earhart Putnam completes (May 21) a non-stop crossing of the Atlantic by airplane and lands in northern Ireland 14 hours and 56 minutes after taking off from Harbor Grace, Newfoundland. Besides being the first



Customers served	1,437,653
Population served	6,200,000
Communities served	3,000
Square miles territory served	55,086
Electric generating stations	181
Installed kw. capacity	1,175,658
Miles of distribution lines	24,828
Gas generating stations	46
Installed cu. ft. capacity	121,586,000
Miles of distribution mains	4,671
Number of employees	16,194

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61 BROADWAY • NEW YORK

woman to fly the Atlantic alone, and the first person to cross twice, her flying time is more than an hour less than the fastest previous crossing.

NEW YORK's Mayor, James J. Walker, concludes (May 26) his two-day examination at the hands of Judge Samuel Seabury, counsel of the Hofstadter legislative committee, which has for months been inquiring into political corruption in New York City. Walker's testimony, climax of the investigation, is largely an explanation of bank deposits.

JOHN D. ROCKEFELLER, JR., for years a staunch supporter of temperance and prohibition, announces (June 6) that he has "slowly and reluctantly" come to believe "that drinking generally has increased; that the speakeasy has

replaced the saloon . . . probably two-fold if not three-fold"; and that he therefore "shall count it not only a duty but a privilege to support" the repeal plan suggested (June 5) by Dr. Nicholas Murray Butler. This plan calls for state conventions to vote on a Constitutional Amendment, submitted by Congress, repealing the Eighteenth Amendment. Two days after Mr. Rockefeller's announcement, Dr. John R. Mott, president of the World's Alliance of the Y. M. C. A., and William G. McAdoo, Secretary of the Treasury under President Wilson, declare for a national referendum on prohibition. Alfred P. Sloan, Jr., president of General Motors, announces (June 11) that in his opinion prohibition has failed and that its prompt repeal would benefit the country.

OLYMPICS in Los Angeles

THE CLASSIC GLORIES of ancient Greece will be revived this summer in Los Angeles, when the famed Olympic Games come triumphantly to town. From July 30 till August 14 the athletes of all nations will compete for honors, opening with a colorful "Parade of Nations" to inaugurate the Xth Olympiad. This is the first opportunity Americans have had to behold the games in their own country since the IIIrd Olympiad—held at St. Louis in 1904. When they will again return to our shores, none can tell. Meanwhile hospitable Los Angeles, with its many attractions and delightful climate, awaits the visitors. Poles and Germans, Czechs and Magyars, Irish and English will compete in a stadium amity which, for the time being at least, supplants their intransigent bickerings at home.

The ancient Olympics lasted from 776 B.C. till 394 A.D.—a period of close to twelve hundred years. They lapsed under the imperatorship of the great Theodosius. In 1894 Baron Pierre de Coubertin, an enlightened Frenchman, revived the games through a circular letter addressed to governing bodies of sport in the several nations of the world. Said he: "Before all things it is necessary that we should preserve in sport those characteristics of nobility and chivalry which have distinguished it in the past, so that it may continue to play the same part in the education of the peoples of today as it played so admirably in the days of ancient Greece."

The first Olympic revival was held in historic Athens in 1896; the second in Paris in 1900. Then came St. Louis in 1904, London in 1908, Stockholm in 1912. The games were scheduled for Berlin in 1916, but the World War caused a postponement. They were held at Antwerp in 1920, at Paris in 1924, at Amsterdam in 1928, and Los Angeles beckons in this summer of 1932. Since America, more than any other country, has inherited the Hellenic tradition of athleticism, it may fairly be said that the wholesome strong-arm carnival has finally come home to roost.

The United States won the Amsterdam Olympics of 1928 with 169 points. Finland gained 80 points, Germany 63, Canada 55, Sweden 47, Great Britain 38, France 26, Japan 20. Forty-six nations were represented in competition. America triumphed in track athletics, swim-



THE Lindbergh air beacon, atop the \$5,000,000 Los Angeles city hall, is visible eighty miles away.

ming, and rowing. Sweden won the pentathlon, and tied for firsts in wrestling and yachting. Norway won the winter sports, and tied for first in yachting. Germany won at weight-lifting, and tied for first in horse-riding. France led in fencing, and tied for first in yachting. Italy won in boxing; Denmark in cycling; Switzerland in gymnastics. Finland tied for first in wrestling; Holland tied for first in horse-riding. India won at field-hockey; Uruguay in soccer-football.

The gigantic Olympic Stadium in Los Angeles will accommodate 125,000 spectators; and President Hoover is expected to take part in the opening ceremonies of this Olympiad held in his home state. Yachting events will take place in Los Angeles Harbor; rowing at nearby Long Beach (which will greatly surpass the canal courses of Antwerp and Amsterdam), boxing and wrestling in the Auditorium. Equestrian events will be staged at the Riviera Country Club, fencing in the Armory, cycling in the famous Rose Bowl. Every facility has been provided for every branch of summer sport. The winter sports, incidentally, were held at Lake Placid last February—resulting in a victory for the sturdy snow-and-ice-men of these United States at the expense of Northern Europe.

From July 23 till July 29 the First International Recreation Congress will meet in Los Angeles. A worldwide recognition of the importance of spare time draws it together, with more than twenty-seven nations participating. Invitations were issued by the State Department at Washington; and any government, organization, or individual interested may attend the sessions. General sessions will be addressed by international public figures; and specific topics will be discussed at more intensive meetings. Adult recreation, family play, city planning, linguistic activities, handcrafts, dramatics, municipal administration of recreation, school facilities, and training for leisure are among the subjects slated for conference.

Los Angeles, be it noted, spends no less than \$850,000 annually for playground and recreation work—and more than a million annually on its park program. Other California cities follow suit, including San Francisco, Oakland, Berkeley, Sacramento, and San Diego. San Francisco's Golden Gate Park is a headline affair, well worth prolonged study and visitation. If America embodies the modern outdoor cult handed down from ancient Greece, California might be described as the authentic nerve center. Hereabouts is a perfect natural setting for the Olympiads—or for just plain fun!

Russo-Japanese Air Progress

AVIATION has taken forward strides in Russia and Japan, as elsewhere, during the last decade. Placing emphasis on the utilitarian side of flying as it relates to the Five-Year Plan, V. A. Zarzar, in the *Economic Review of the Soviet Union*, writes about aviation's present status in Russia:

"By the end of last year the program of 46,000 kilometers of airlines, set for the last year of the Five-Year Plan (1933), had almost been reached. The U. S. S. R. is now second in the world, ranking after the United States, in length of airlines. This year it is expected that the length of lines will increase 22.5 per cent. to 55,000 kilometers (34,150 miles), while the distance flown will reach 10,500,000 kilometers, a gain of 50 per cent. It is estimated that the number of passengers will reach 40,000, almost double the total of last year, and that 2,000 tons of mail and freight will be carried, triple the 1931 figure.

"At the end of 1931 there were 41 airlines in operation in the Soviet Union. Of these some of the most important were the following: Six lines from Moscow to Leningrad, Kharkov, Stalingrad, Tashkent, Sverdlovsk, and Berlin; two from Leningrad, to Riga and Petrozavodsk; three from Kharkov, to Odessa,

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Berdiansk, and Sochy; from Tashkent to Krasnovodsk, Termez, Osh, and Alma Ata; from Stalingrad to Kuliab and Horog; Sverdlovsk to Magnitogorsk, Novo-Sibirsk and Novy Port; Irkutsk to Yakutsk and Vladivostok; Archangel to Svetogorsk and Izhma; Tiflis to Sochi and Rostov; Nikolaevsk (Amur) to Petropavlovsk (Kamchatka); and Khabarovsk to Alexandrovsk.

"Rapid progress has been achieved in adapting all Soviet air lines to year-round service. In 1930 only one line operated throughout the year, but last year practically all lines maintained year-round service. Work is being rushed in connection with the construction of lighting apparatus over 60,000 kilometers of airways in order to make night service possible.

"A hydro-airport is now under construction in Leningrad. Adjoining it is being built a large aviation city and a seaplane base. The entire project is scheduled to be completed by September, 1932. This airport, which will be constructed and equipped according to the most modern technique, will have a number of hangars, two of them specially constructed for airships, two aviation schools, a depot to accommodate 920 persons, towers for signal lights, garages, radio and meteorological stations, living quarters for employees, and a kitchen factory. It is the largest project of its kind in Europe. . . .

"The use of planes in agriculture began about 1925 and has advanced gradually from the experimental stage to a widespread utilization in various branches. Airplane pest control during the past few years has increased from an area of 1,044 hectares covered with chemicals in 1925 to 250,000 hectares (615,000 acres) last year. This year's program is set at 810,000 hectares.

"In 1931 experiments were carried on in sowing rice by airplane over an area of 100 square kilometers in the Kuban district of the North Caucasus. It is expected this year to sow 50,000 hectares to rice. Ten thousand hectares of forests are to be inspected. During 1931 the Soviet Union advanced to first place in the employment of airplanes in agriculture.

"Planes will also be used this year for laying smoke screens over orchards and vegetable gardens to protect them against frost, for fertilization work, and for breaking up fog by electricity.

"Aviation has also been widely utilized as an aid in whaling and northern fishing. In 1926 the number of kilometers covered by planes in this branch was 17,748, in 1928, 28,940, and in 1930, 61,220 kilometers. Airplanes are also being used for transferring young herring and roe and other fish to different bodies of water, finding schools of fish and seals, transporting matrices of daily newspapers for printing in other cities, fighting forest fires, for Arctic expeditions, medical supply service, etc."

JAPAN'S INTEREST in flying lies in passenger and mail airlines. H. Takamatsu tells of these in the May number of *Aero Digest*:

"As a result of reports of the long-distance flights of English, German and

French aviators to the Far East, aviation fields were constructed and commercial airways between Tokyo and Osaka were established. The Government founded a civil air transportation corporation with capital of ten million yen in October, 1928. This corporation, the Japan Air Transport Co., Ltd., took over the Asahi air passenger transportation in April, 1929, marking the opening of the first important Japanese airline, nineteen years after the first flight in Japan. During the first three months of operations only the mails and cargoes were carried, but passenger transportation was begun in July. The development of the airways in Japan was encouraged by progress in America and Europe.

THE MAIN AIRWAY in Japan, run by the Japan Air Transport Co., has headquarters at Tokyo, running from the northern provinces to the southern islands. The main route is the airway of about 930 kilometers between Tokyo and Fukuoka, passing through Osaka. The airway then crosses the Strait of Korea and reaches Dairen in Kwantung Province, passing over Urusan, Keijo and Heijo in Korea. The air-line, which is the only important main route in Japan, extends about 2,000 kilometers.

"A local airway covers the Izu Peninsula, its route proceeding from Tokyo over Yokohama, Atami, Ito, Shimoda, Oshima, Shimizu and Numazu. Although an important line, it is only about 200 kilometers long. It is operated three times weekly by Tokyo Air Transport Co. and was established in September, 1928, with a capital of 200,000 yen.

"Near Osaka there is a 290-kilometer local airway operated by the Japan Air Transport Laboratory. The route connects Honshu and Shikoku, reaching Takamatsu, Matsuyama and Osaka. This airway, established in June, 1922, with a capital of 500,000 yen, is the oldest commercial airway in Japan.

"An air mail route between Tokyo and Niigata is flown by several airplanes belonging to the Asahi newspaper office. Flying on this line was begun in August, 1928. It is expected that this will grow into a passenger airway, connecting the Pacific and Japan Sea coasts of Japan in the near future.

"The most important airway for Japan will be a long-distance commercial line from Dairen, the terminal airport of the main airway of Japan at present along the South Manchurian Railway to Tsitsihar, flying over Mukden, Chungchung and Harbin. A triangular airway will be formed by a branch running from Keijo in Korea to Mukden. The airway in Manchuria was planned years ago, but the Manchurian conflict hastened its materialization.

"The development of an airway north of Tokyo yet remains to be accomplished. It is necessary that such an airway connect Sendai, Aomori, Hokkaido and Karafuto. If this is realized, the small village of Sabishiro, where is located an historical flying field from which the Herndon-Pangborn trans-Pacific flight was started, may become a good international airport for a northern Pacific airway connecting Japan and America."

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A Zulu girl crushing corn



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"LET THERE BE LIGHT"

▼ INDUSTRIAL lighting, in its varied phases, is highly important.

HERE IS HARDLY an aspect of present-day industrial problems that does not involve, directly or indirectly, the problem of lighting. Safety, workmen's compensation and insurance premiums, output, labor turnover, spoilage, quality, unit cost, fixed charges and maintenance—every one and all of these are affected favorably or unfavorably by the illumination. Store windows properly illuminated will create larger sales than adjacent ones improperly illuminated. The bright factory will turn out more and better work with lower labor turnover, fewer accidents and less spoilage than the identical plant where the lighting is below par.

We must understand how light is measured. Engineers measure the amount of light on any surface in "foot candles" (f.c.). The foot candle is the quantity of light thrown by a standard candle on a surface one-foot square, held one foot away at all points.

The human eye adjusts itself to wide variations of light. Moonlight measures about 1/20th of one-foot candle, whereas daylight on a horizontal plane outdoors at noon, on a clear day in June, reaches as high as 10,000 foot-candles. At the present time a 10-foot candle intensity is considered the minimum amount of light that should prevail in the average factory or office. Light intensity should conform to the task at hand. For rough manufacturing work, an intensity of 6-f.c. may be sufficient, whereas, in very fine work it may be found that 50 to 100 f.c. are desirable. As a guide for determining the correct amount of light intensity for hundreds of different industrial applications, a booklet has been prepared by the Society for Electrical Development, Inc., known as the Frank-

lin Specification for Good Lighting. Copies of these specifications may be secured from many of the public service corporations, through the General Electric Lighting Institute, Nela Park, Cleveland, Ohio, the Electric Association, Chicago, or other sources.

In treating of industrial lighting, both natural daylight and artificial lighting must be considered. In lighting a factory by daylight, that is, by the use of windows, it is axiomatic that the more daylight you have inside a building, the better—if it is evenly distributed. No maximum light for good seeing has yet been found. The best available practice today indicates that practically any single-story industrial building should be so designed that the window area is at least 30 per cent. of the floor area. This ratio will assure a minimum of 10-f.c. of light throughout the building during normal daylight hours, even though the sun is completely hidden and there is a six-months' accumulation of dirt on the windows. Why should we consider six-months' accumulation of dirt on the windows? The best engineering practice in the design of industrial buildings always takes into consideration the worst possible conditions when approaching this matter of window lighting. These designers allow for the fact that factory windows are never clean. This sounds rather discouraging, but the cleanest of our industrial plants wash their windows only twice a year, and the vast majority of them far less frequently.

Fenestration is the technical word which applies to the science of window lighting. This matter of fenestration has been given much attention by such specialists in building construction as the Detroit Steel Products Company, and the plant

owner who is building a new plant or modernizing his old one should consult some of these experts to seek their assistance in determining the proper size of the windows in his factory; whether the roof lighting should be of the monitor type, saw-toothed or sky-lighted.

In virtually all industrial plants, artificial illumination must be relied upon a part of the time. In many plants it is the only source of light under which operations can be performed. Unfortunately, few organizations know how much improved illumination affects their output, personnel and cost. It is well known that the average factory is inadequately illuminated. Fortunately, the effects of good lighting are very definitely traceable in many instances. There are cases where night shifts have produced more than day shifts, with no other possible explanation except that the day shift was subject to fluctuations in daylight, and in changing from daylight to artificial light in the late afternoon hours.

It was recently stated that for the nation's factories, homes, streets, and public places to be illuminated for maximum safety, health, comfort and economy, the annual consumption of electrical energy for lighting would be 151 billion kilowatt-hours a year as compared to the 20 billion at present consumed.

It is safe to say that the prime factor which impedes the universal adoption of proper lighting is the impression that it will be costly. Let us see how great this cost is, in view of the dollars and cents returned for the investment. It will prove that money spent for adequate lighting is an investment from which handsome returns are usually realized.

We cite the case of a new plant in

California where a lighting system was installed which gave an overall lighting of 54.3 f.c. of intensity. This excellent lighting system cost by 8/10ths of 1 per cent. of the total cost of the building, or, expressed differently, the cost was equal to 1.48 per cent. of the total annual payroll. In the Timken Roller Bearing Company's plant at Columbus, Ohio, the lighting system was revamped at a cost of 2.4 per cent. of the payroll and production increased 12.5 per cent. At the Detroit Piston Ring Company, the cost of an improved system was 2 per cent. of the payroll and production increased 25 per cent.

Investigation conducted in some 200 plants in which modern lighting systems were installed revealed that where rough work is being done, as in foundries and steel mills, the total output was increased 2 per cent. by the installation of proper lighting equipment, while production has been increased 8 to 17 per cent. in textile mills, shoe factories, machine shops and other plants where fine work and close application is required.

Effect of Improved Lighting on Production

Type of Operation	Foot Old	Candles New	Production Increase Percentage
Stamping and Pressing	0.7	13.0	12.2
Semi-automatic Buffing	3.8	11.0	8.5
Soft Metal Bearings	4.6	12.7	15.0
Heavy Steel Machining	3.8	11.0	10.0
Carburetor Assembling	2.1	12.5	12.0
Spinning (Textile)	1.5	9.0	12.0

Attention to the factors affecting the light available for use means greater over-all efficiency, hence maximum light for a given light bill. These factors include the loss of light absorbed by colored walls, machinery, shafting and dirt.

The color of walls affects the amount of light required—and the energy consumption necessary to provide it as shown by the amount of light reflected by various colored surfaces. The choice of color for walls and machinery can play a very real part, therefore, in determining the adequacy of the lighting units and the monthly lighting bill.

Light Absorbed and Reflected by Various Colors

Light Reflected	Color	Light Absorbed
80	White	20
70	Ivory	30
65	Buff	35
35	Medium Gray	65
20	Olive Green	80
15	Dark Brown	85

Dirt, dust, smoke, soot and debris cut down the light emitted from a unit as much as 50 per cent., while 100 per cent. is being paid for. No accounting department would approve such a condition if dollars and cents were involved instead of kilowatt-hours and foot-candles. Yet simple, definite cleaning schedules, where lamps and reflectors are cleaned regularly and lamp renewals made, are the exception.

Fifteen per cent. of all industrial accidents are claimed to be due to improper lighting—lighting that may be insufficient because not enough or incorrect because improperly located, causing glare, refraction or shadows.

Many states and cities have their factory laws specifying the amount of fresh air per worker, the drinking facilities per number of employees, and regulations as to fire escapes and stairways. Does it not seem a logical step to stipulate the minimum amount of illumination for store rooms, passageways, stairways, workshops and other places where accidents may occur? Each year's annual accident toll shows that improvement is not being made fast enough.

Why does the alert executive, striving for opportunities to cut costs, fail to realize that lighting has proved itself? Even with hit-or-miss applications, it has proved itself—gloriously—as a benefactor to humanity and an asset of the highest order to business and industry.

Analysis of thousands of industrial accident claims has shown that for every dollar paid by the insurance carrier to satisfy the claim and medical charges, the employer pays an average of at least \$4 to cover the resulting cost of those accidents.

Turn the light of scrutiny upon your lighting. Think of your illumination in terms of fewer accidents and lower insurance premiums, less labor turn-over, reduced spoilage, greater output of higher average quality rather than in terms of high electric light bills and the fixed charges on lighting fixtures.

Every Employee a Salesman

THAT INDUSTRY TODAY is employing every tool at its disposal to increase sales and justify greater employment is evidenced by the employees' sales drive, instituted May first by the Westinghouse Electric & Manufacturing Company. Each of the company's 35,000 employees was to produce a sale for at least one piece of Westinghouse equipment in the month of May. No employee's discounts were to be allowed. The campaign stirred up so much new and prospective business that it was continued through June.

Sales totalling \$1,503,268 in May were reported as the result of the first 30 days of the Westinghouse May-June employee sales campaign. Also this industrial group developed 35,607 sales, mostly of domestic appliances; more than their pledge of one sale per individual.

Stockholders in the company, who now number approximately 53,000, have also entered spiritedly into the campaign. They have interviewed prospects, made actual sales and are themselves buying.

Since the Westinghouse campaign was announced many other companies have launched the same or similar campaigns. The cumulative effect of these commercial crusades, aimed at the hoarded dollar and designed to erase the "fear of spending" should make a definitely favorable impression throughout the United States in the opinion of H. C. Thomas, General Manager of the Westinghouse employee sales campaign.

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